

ANNOUNCEMENT

The Board of Directors of A-Sonic Aerospace Limited (the "Company") wishes to announce that Singapore Exchange Securities Trading Limited ("SGX-ST") raised the following queries on 30 March 2016 in relation to the Company's and its subsidiaries' results for the full year ended 31 December 2015 ("FY2015") that was announced on 26 February 2016 (the "Announcement"):

1. SGX Query

The Company announced an Allowance for doubtful non trade receivables for associate of \$0.59 million (No such allowance in FY2014). Please provide the circumstances that results in the provision of the allowance and the associate that the allowance has been provided for.

Company's response

The allowance for doubtful non-trade receivables was made on the amount due from an associated company, which was incorporated in 2013. The associated company's net worth was in a deficit as at end FY2015. The Management is of the view that the probability of recovering the receivables from the associated company is remote in the near future. Hence, an allowance for doubtful non-trade receivables was made.

2. SGX Query

The Company announced an Allowance for doubtful finance lease receivables of \$6.09 million (No such allowance in FY2014). Please provide the circumstances that results in the provision of the allowance.

Company's response

As earlier announced, the allowance for doubtful finance lease receivables was in relation to an aircraft leasing customer. This customer was regular in their payment during the financial year ended 31 December 2014. However, in the third quarter of FY2015, the customer ceased to make payments. In February 2016, the Management received news that the customer encountered disruption in its operation that would hinder its ability to pay. In view of the suspension of its airline operations, and hence the remote probability of debt recovery, full provision for the total amount receivables from this customer was made.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

31 March 2016