

AEI CORPORATION LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 198300506G

- (I) **ENTRY INTO S\$50,000,000 SUBSCRIPTION AGREEMENT – THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 62,500,000 SHARES AT AN ISSUE PRICE OF S\$0.80 PER SHARE**

 - (II) **PROPOSED BONUS ISSUE OF UP TO 27,119,659 FREE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$1.00 FOR EACH NEW SHARE AND ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARES HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE**
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A. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of AEI Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that:

- (a) the Company has today entered into a conditional subscription agreement (“**Subscription Agreement**”) with New Impetus Strategy Fund (“**Subscriber**”), pursuant to which the Company shall allot and issue up to 62,500,000 ordinary shares (“**Shares**”) in the capital of the Company in multiple tranches, at an issue price of S\$0.80 per Share (“**Issue Price**”) to the Subscriber for an aggregate maximum subscription amount of S\$50,000,000 (“**Maximum Subscription Amount**”) (the “**Proposed Subscription**”); and

- (b) the Company is proposing a bonus issue (“**Proposed Bonus Warrants Issue**”) of up to 27,119,659 free warrants (“**Warrants**”, and each a “**Warrant**”), with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (“**Warrant Share**”) during the Exercise Period (as defined below) at an exercise price of S\$1.00 for each Warrant Share (“**Exercise Price**”), to be credited and allotted to the shareholders of the Company (“**Shareholders**”) on the basis of one (1) Warrant for every one (1) existing Share held by the Shareholders as at the books closure date to be determined by the Directors (“**Books Closure Date**”), fractional entitlements to be disregarded.

B. THE PROPOSED SUBSCRIPTION

The Proposed Subscription is a fund-raising initiative by the Company to, *inter alia*, raise money to fund future acquisitions to be undertaken by the Company and for working capital requirements.

B.1 INFORMATION RELATING TO THE SUBSCRIBER AND THE INTRODUCER

Shareholders should note that information relating to the Subscriber and the Introducer in this paragraph and elsewhere in this Announcement was provided by the Subscriber and the Introducer. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

B.1.1 Information on the Subscriber

The Subscriber is an exempted company incorporated with limited liability in the Cayman Islands, and is structured as an open-ended fund. Its registered office is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands. The Subscriber's directors are Sun Quan and Yap Wee Phin.

B.1.2 Information on the Introducer

The Company was introduced to the Subscriber by an independent third party, Wellmont Strategic Pte. Ltd. ("**Introducer**"), a company incorporated in the Republic of Singapore with its principal business being investment holding.

Pursuant to an agreement between the Company and the Introducer dated 19 July 2017, the Introducer shall be entitled to an introducer fee ("**Introducer Fee**") on a success basis amounting to 3% of the Maximum Subscription Amount, which shall be satisfied by way of allotment and issuance of approximately such number of Shares ("**Introducer Shares**") at the Issue Price. The legal and beneficial owner of the Introducer is Yeo Kan Yen. Yeo Kan Yen is not related to any Director or substantial shareholder of the Company.

To the best knowledge of the Directors, save as disclosed above and in relation to the Proposed Subscription, neither the Subscriber nor the Introducer have any other connections (including business relationships) with the Company, its directors and substantial shareholders. Both the Subscriber and Introducer do not fall within any of the prohibited categories as set out in Rule 812 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual to whom the Company is prohibited from issuing the Shares.

B.2 KEY TERMS OF THE PROPOSED SUBSCRIPTION

B.2.1 Overview

Subject to the terms and conditions of the Subscription Agreement, the Company agrees to allot and issue:

- (a) 28,750,000 Shares ("**Tranche 1 Subscription Shares**") to the Subscriber on the Tranche 1 Completion Date (as defined herein), and the Subscriber agrees to subscribe for the Tranche 1 Subscription Shares;
- (b) in the event the Tranche 2 Subscription Request (as defined herein) is issued by the Subscriber to the Company, up to 9,375,000 Shares ("**Tranche 2 Subscription Shares**") on the Tranche 2 Completion Date (as defined herein); and
- (c) in the event any Option Subscription Request (as defined herein) is issued by the Subscriber to the Company, an aggregate of up to 24,375,000 Shares ("**Option Shares**") to the Subscriber.

B.2.2 Tranche 1 Subscription Shares

The Tranche 1 Subscription Shares shall be allotted and issued to the Subscriber on the Tranche 1 Completion Date (as defined below) on, *inter alia*, the following terms and conditions of the Subscription Agreement:

- (a) **Tranche 1 Subscription Amount** : S\$23,000,000
- (b) **Number of Tranche 1 Subscription Shares** : 28,750,000 Tranche 1 Subscription Shares, which is determined by dividing the Tranche 1 Subscription Amount by the Issue Price.
- (c) **Issue Price** : S\$0.80 per Tranche 1 Subscription Share.

The Issue Price of S\$0.80 represents a premium of approximately 35.59% to S\$0.59, being the weighted average price of the Shares based on the trades done on the SGX-ST on 4 August 2017 (which is the preceding full market day prior to the date of the Subscription Agreement)¹.

- (d) **Tranche 1 Completion Date** : Subject to the Conditions Precedent being fulfilled (or waived) and the terms of the Subscription Agreement, the Tranche 1 Subscription Shares shall be issued within fourteen (14) business days from the date on which the last condition precedent is satisfied, fulfilled or waived (as the case may be), or on such other date as the parties may agree in writing.

B.2.3 Tranche 2 Subscription Shares

The Tranche 2 Subscription Shares shall be allotted and issued to the Subscriber on the Tranche 2 Completion Date (as defined below) on, *inter alia*, the following terms and conditions of the Subscription Agreement:

- (a) **Maximum Tranche 2 Subscription Amount** : S\$7,500,000
- (b) **Maximum number of Tranche 2 Subscription Shares** : 9,375,000 Tranche 2 Subscription Shares, which is determined by dividing the Maximum Tranche 2 Subscription Amount by the Issue Price.
- (c) **Issue Price** : S\$0.80 per Tranche 2 Subscription Share.

The Issue Price of S\$0.80 represents a premium of approximately 35.59% to S\$0.59, being the weighted average price of the Shares based on the trades done on the SGX-ST on 4 August 2017 (which is the preceding full market day prior to the date of the Subscription Agreement)¹.

- (d) **Tranche 2 Subscription Request** : Subject to Tranche 1 Completion and the terms of the Subscription Agreement, the Subscriber may require the Company to allot and issue such number of Tranche 2

¹ Trading of the Shares of the Company was halted on 7 August 2017.

Subscription Shares at the Issue Price by issuing to the Company a duly completed subscription request ("**Tranche 2 Subscription Request**") at any time during the Tranche 2 Exercise Period (as defined below).

The Company shall only be obliged to allot and issue Tranche 2 Subscription Shares pursuant to the first duly completed Tranche 2 Subscription Request received by the Company. The Company shall not be obliged to issue any further Tranche 2 Subscription Shares thereafter.

- (e) **Tranche 2 Exercise Period** : The period commencing from the date the Conditions Precedent are fulfilled (or waived) until such date falling six months after the Tranche 1 Completion Date.

Upon the expiry of the Tranche 2 Exercise Period, the Subscriber shall not be entitled to issue any Tranche 2 Subscription Request and the Company shall not be obliged to allot and issue any Tranche 2 Subscription Shares, PROVIDED that if any Tranche 2 Subscription Request is received by the Company before the expiry of the Tranche 2 Exercise Period, the Company shall be obliged to allot and issue the Tranche 2 Subscription Shares pursuant to that Tranche 2 Subscription Request.

- (f) **Tranche 2 Completion Date** : The Tranche 2 Subscription Shares shall be allotted and issued by the Company in accordance with the Subscription Agreement on:
- (i) such date no later than seven (7) business days after the Company's receipt of the duly completed Tranche 2 Subscription Request; or
 - (ii) such other date as may be mutually agreed in writing between the Company and Subscriber,

PROVIDED that the Tranche 2 Completion Date shall be no earlier than the Tranche 1 Completion Date.

B.2.4 Option Shares

The Option Shares shall be allotted and issued to the Subscriber on the Option Shares Issue Date (as defined below) on, *inter alia*, the following terms and conditions of the Subscription Agreement:

- (a) **Maximum Option Shares Subscription Amount** : S\$19,500,000
- (b) **Maximum number of** : 24,375,000 Option Shares, which is determined by

- Option Shares** : dividing the Maximum Option Shares Subscription Amount by the Issue Price.
- (c) **Issue Price** : S\$0.80 per Option Share.
- The Issue Price of S\$0.80 represents a premium of approximately 35.59% to S\$0.59, being the weighted average price of the Shares based on the trades done on the SGX-ST on 4 August 2017 (which is the preceding full market day prior to the date of the Subscription Agreement)².
- (d) **Option Subscription Request** : Subject to Tranche 1 Completion and the terms of the Subscription Agreement, the Subscriber may require the Company to allot and issue such number of Option Shares at the Issue Price by issuing to the Company a duly completed subscription request (“**Option Subscription Request**”) at any time and from time to time during the Option Exercise Period (as defined below).
- (e) **Option Exercise Period** : A thirty-six (36) month period commencing from the Tranche 1 Completion Date.
- Unless agreed in writing between the Company and the Subscriber, the option to subscribe to the Option Shares shall *ipso facto* lapse on the expiry of the Option Exercise Period, PROVIDED that if any Option Subscription Request is received by the Company before the expiry of the Option Exercise Period, the Company shall be obliged to allot and issue the Option Shares pursuant to that Option Subscription Request.
- (f) **Option Shares Issue Date** : In respect of each tranche of Option Shares, no later than seven (7) business days after the Company’s receipt of the respective duly completed Option Subscription Request, or such other date as may be mutually agreed in writing between the Company and Subscriber.

B.2.5 Introducer Shares

Subject to the terms of the Subscription Agreement, the Company shall allot and issue up to 1,875,000 Introducer Shares to the Introducer as follows:

- (a) 862,500 Introducer Shares, contemporaneously with the allotment and issuance of the Tranche 1 Subscription Shares;

² Trading of the Shares of the Company was halted on 7 August 2017.

- (b) up to 281,250 Introducer Shares, contemporaneously with the allotment and issuance of the Tranche 2 Subscription Shares; and
- (c) up to an aggregate 731,250 Introducer Shares in tranches, contemporaneously with the allotment and issuance of Option Shares.

B.2.6 **Basis of Subscription**

The Company and the Subscriber agree and acknowledge that the Proposed Subscription has been agreed on, *inter alia*, the following bases:

- (a) the Subscriber and Introducer shall not be entitled to participate in the Proposed Bonus Warrants Issue;
- (b) the issued and paid-up share capital of the Company immediately before Tranche 1 Completion comprises 28,119,659 Shares (including 1,000,000 Shares held as treasury shares) on a fully diluted basis, disregarding any Warrant Shares that are issued;
- (c) the Company shall continue to operate as a going concern as at Tranche 1 Completion Date;
- (d) the aggregate diminution of the net tangible assets (“**NTA**”) of the Company as at Tranche 1 Completion, if any, from the NTA of the Company based on the unaudited consolidated financial statements of the Group for the six-month period ended 30 June 2017 (“**FP2017 Management Accounts**”), shall not be more than 5% (“**Minimum NTA Requirement**”);
- (e) save for applicable transactional costs and the corporate guarantee obligations of the Company in respect of the loan obligations of its subsidiaries (“**AEI Guarantee Obligations**”), the existing liabilities of the Company as at Tranche 1 Completion shall not exceed S\$200,000 (“**Maximum Liability Threshold**”); and
- (f) no amounts in respect of any part of the AEI Guarantee Obligations shall be paid or payable by the Company (“**No Claim Requirement**”).

B.2.7 **Status of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares, Option Shares and Introducer Shares**

The Tranche 1 Subscription Shares, Tranche 2 Subscription Shares, Option Shares and Introducer Shares shall be issued by the Company to the Subscriber and the Introducer (as the case may be) free from all claims, charges, liens and other encumbrances whatsoever with all legal and beneficial rights, benefits and entitlements and the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares, Option Shares and Introducer Shares shall be freely transferable and rank *pari passu* in all respects with and carry all rights similar to existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the Tranche 1 Completion Date, Tranche 2 Completion Date or Option Shares Issue Date (as relevant).

As at the date hereof, the Company has 27,119,659 Shares (excluding 1,000,000 treasury Shares) that have been issued and are fully paid-up (“**Existing Issued Share Capital**”). Assuming there is no change to the issued share capital of the Company, the enlarged share

capital of the Company (excluding treasury shares of 1,000,000 Shares) immediately following the issuance of 28,750,000 Tranche 1 Subscription Shares, maximum 9,375,000 Tranche 2 Subscription Shares, maximum 24,375,000 Option Shares and maximum 1,875,000 Introducer Shares, will comprise 91,494,659 Shares ("**Enlarged Share Capital**"). The aggregate of the Tranche 1 Subscription Shares, maximum number of Tranche 2 Subscription Shares and maximum number of Option Shares will represent approximately 230.46% of the Existing Issued Share Capital and 68.31% of the Enlarged Share Capital.

B.2.8 Representations, Warranties and Undertakings

The subscription by the Subscriber of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares and Option Shares is subject to certain representations, warranties, and undertakings as are customary for transactions of this nature or other similar transactions, and in respect of the Company, the representations, warranties and undertakings (as relevant) include the Minimum NTA Requirement, Maximum Liability Threshold and No Claim Requirement.

B.2.9 Indemnity

The Company has undertaken to fully indemnify the Subscriber against all liabilities which may be suffered or incurred by the Subscriber, their respective officers, directors, employees or agents as a result of or in connection with, *inter alia*, any breach of representations, warranties and undertakings (including the Minimum NTA Requirement, Maximum Liability Threshold and No Claim Requirement) by the Company contained in the Subscription Agreement.

B.2.10 Conditions Precedent to the Proposed Subscription

The Company shall not be obliged to allot and issue and the Subscriber shall not be obliged to subscribe for the Tranche 1 Subscription Shares and Tranche 2 Subscription Shares unless certain conditions precedent ("**Conditions Precedent**"), including but not limited to the key conditions precedent as set out in Appendix, have been satisfied, fulfilled or waived, as relevant on the Tranche 1 Completion Date.

In addition, the Subscriber shall not be entitled to subscribe for the Tranche 2 Subscription Shares and Option Shares unless Tranche 1 Completion occurs. For the avoidance of doubt, in the event the Tranche 2 Subscription Request is issued by the Subscriber on or prior to Tranche 1 Completion, the Company may allot and issue the Tranche 2 Subscription Shares concurrently with the Tranche 1 Subscription Shares.

B.2.11 Long-Stop Date

If any of the conditions precedents set out in the Subscription Agreement is not satisfied, fulfilled or waived (as the case may be) by 31 December 2017, or such other date as may be agreed in writing by the Company and the Subscriber, the Subscription Agreement shall terminate.

B.3 PURPOSE OF THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS

It is contemplated between the Company and the Subscriber that the proceeds of the Proposed Subscription ("**Subscription Proceeds**") shall be used to fund future acquisitions and for the working capital of the Company. The Subscription Proceeds shall be utilised to

finance the Group's investment opportunities or acquisitions of other businesses, as and when these arise, in order to enhance shareholders' value.

Assuming the Subscriber subscribes for 28,750,000 Tranche 1 Subscription Shares, the maximum 9,375,000 Tranche 2 Subscription Shares and the maximum 24,375,000 Option Shares, the Company expects to receive estimated gross proceeds of approximately S\$50,000,000 from the Proposed Subscription ("**Gross Proceeds**"). The Board intends to apply such Gross Proceeds for the following purposes:

Proposed use of Gross Proceeds	% of Gross Proceeds from the issue of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares and Option Shares
(a) Proposed acquisitions to be undertaken by the Company	80
(b) Working capital and general corporate purposes	20

Shareholders should note that the proposed distribution set out above only serves as a general guideline. In the event that the Gross Proceeds initially allocated for the purposes set out in (a) above are not fully applied towards such uses for any reasons, the Company shall use the remaining Gross Proceeds for working capital of the Company and its subsidiaries and/or for such other purposes as the Company in its discretion may deem fit.

Pending the deployment of the proceeds from the Proposed Subscription, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Subscription, after the proceeds from the Proposed Subscription are materially disbursed.

B.4 FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The financial effects as set out below are strictly for illustrative purposes and do not necessarily reflect the actual financial position and performance of the Company or its subsidiaries, prepared according to the relevant accounting standards, following the Proposed Subscription.

The financial effects of the Proposed Subscription are prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**") and the following assumptions:

- (a) the allotment and issuance of 62,500,000 Shares to the Subscriber, comprising 28,750,000 Tranche 1 Subscription Shares, the maximum 9,375,000 Tranche 2 Subscription Shares and the maximum 24,375,000 Option Shares;
- (b) the allotment and issuance of the maximum 1,875,000 Introducer Shares to the Introducer;
- (c) the Group's NTA was computed assuming that the Proposed Subscription was completed on 31 December 2016;

- (d) the Group's EPS/LPS was computed assuming that the Proposed Subscription was completed on 1 January 2016; and
- (e) expenses in connection with the Proposed Subscription are disregarded for the purposes of calculating the financial effects.

B.4.1 Share Capital

Issued and Paid-up Share Capital	As at 31 December 2016	Immediately following issuance of the Tranche 1 Subscription Shares, maximum Tranche 2 Subscription Shares, maximum Option Shares and maximum Introducer Shares
Number of Shares including Treasury Shares	28,119,659	92,494,659
Number of Treasury Shares	1,000,000	1,000,000
Number of Shares excluding Treasury Shares	27,119,659	91,494,659
Share Capital (S\$)	49,007,558	99,007,558 *

* Excluding share issuance expenses.

B.4.2 Net tangible assets ("NTA")

	As at 31 December 2016	Immediately following issuance of the Tranche 1 Subscription Shares, maximum Tranche 2 Subscription Shares, maximum Option Shares and maximum Introducer Shares
NTA of the Group (S\$)	46,189,000	96,189,000 *
Number of Shares excluding Treasury Shares	27,119,659	91,494,659
NTA Per Share (S\$)	1.70	1.05 *

* Excluding share issuance expenses.

B.4.3 Loss per Share ("LPS")

	FY2016	Immediately following issuance of the Tranche 1 Subscription Shares, maximum Tranche 2 Subscription Shares, maximum Option Shares and maximum Introducer Shares
Net loss of the Company and its subsidiaries for FY2016 (S\$)	(2,403,000)	(2,403,000) *

Weighted average number of Shares excluding Treasury Shares	27,119,659	91,494,659
Net loss per Share (\$) - Basic and diluted	(0.09)	(0.03) *

* Excluding share issuance expenses.

B.5 WHITEWASH WAIVER IN RELATION TO THE PROPOSED SUBSCRIPTION

B.5.1 Rule 14 of the Code

Under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

B.5.2 Dilution effects following Tranche 1 Completion

Assuming the issued and paid-up share capital of the Company immediately prior to Tranche 1 Completion comprises 27,119,659 Shares (excluding treasury shares of 1,000,000 Shares), the enlarged share capital of the Company (excluding treasury shares of 1,000,000 Shares) on Tranche 1 Completion Date following the issuance of 28,750,000 Tranche 1 Subscription Shares and 862,500 Introducer Shares will comprise 56,732,159 Shares (“**Post-Tranche 1 Share Capital**”). The Tranche 1 Subscription Shares will represent approximately 50.68% of the Post-Tranche 1 Share Capital.

B.5.3 Application to the Securities Industry Council (“SIC”)

Based on the potential dilution effects set out in Section B.5.2 above, the Subscriber and its concert parties will acquire more than 30% of the voting rights in the Company following Tranche 1 Completion. As a result, the Subscriber and its concert parties would incur an obligation to make a mandatory offer under the Code, unless the relevant waivers under the Code are obtained. Accordingly, the Subscriber intends to make an application to the SIC for a waiver (“Whitewash Waiver”) of the obligations of the Subscriber and its concert parties to make the mandatory offer for the Company as a result of the allotment and issue of the Tranche 1 Subscription Shares.

C. THE PROPOSED BONUS WARRANTS ISSUE

C.1 RATIONALE OF THE PROPOSED BONUS WARRANTS ISSUE AND USE OF PROCEEDS FROM EXERCISE OF WARRANTS

C.1.1 Rationale

The Board believes that the Proposed Bonus Warrants Issue will reward Shareholders for their continued participation in and support for the Company by providing the Shareholders with an opportunity to increase their equity participation in the Company and participate in the

future growth of the Company in view of the Proposed Subscription. In addition, the proceeds arising from the exercise of the Warrants will potentially increase the Company's capital base, strengthen its balance sheet and provide additional financial flexibility and liquidity to the Group.

C.1.2 Use of Proceeds

Assuming that all the 27,119,659 Warrants are issued and duly exercised within the Exercise Period (as defined below), the Company will receive gross proceeds of approximately S\$27.12 million ("**Warrants Gross Proceeds**"). The Company intends to utilise the Warrants Gross Proceeds for investments, repayment of borrowings and/or general working capital purposes for the Group, as the Directors may deem fit in the interests of the Company. The percentage allocation for each intended use cannot be determined at this moment.

As and when the Warrants Gross Proceeds are materially utilised, the Company will make the necessary announcements on SGXNET and subsequently provide a status report on the use of such Warrants Gross Proceeds in its annual report. Pending the deployment of the Warrants Gross Proceeds for the uses identified above, the Warrants Gross Proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

C.2 KEY TERMS OF THE PROPOSED BONUS WARRANTS ISSUE

C.2.1 Terms of the Warrants

- (a) **Deed Poll.** The Warrants, to be credited and allotted free to the Shareholders, will be in registered form and be constituted in an instrument by way of a deed poll ("**Deed Poll**") that sets out the terms and conditions of the Warrants and which may from time to time be amended or supplemented.
- (b) **Exercise Price; Exercise Period.** Each Warrant will, subject to the terms and conditions to be set out in the Deed Poll, carry the right to subscribe for one (1) Warrant Share at an exercise price of S\$1.00 for each Warrant Share payable in cash during the period commencing on and including the date six (6) months from the date of listing of the Warrants on the Official List of the SGX-ST and expiring at 5:00 p.m. on the market day immediately preceding the third (3rd) anniversary of the date of issue of the Warrants ("**Exercise Period**"). Any Warrant which remains unexercised at the end of the Exercise Period shall thereafter lapse and cease to be valid for all purposes.
- (c) **Adjustments.** The Exercise Price and/or the number of Warrants will be subject to adjustments under certain circumstances in accordance with the terms and conditions to be set out in the Deed Poll.
- (d) **Listing on Mainboard.** The Warrants will be listed and traded on the Mainboard of the SGX-ST ("**Mainboard**") under the book-entry (scripless) settlement system. The listing of and quotation for the Warrants and the Warrant Shares on the Mainboard, if approved is expected to be subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of the Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.

- (e) **Status of Warrant Shares.** The Warrant Shares arising from the exercise of Warrants will rank *pari passu* in all respects with the then existing issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls on or after the relevant exercise date of the Warrants, save as may be otherwise provided for in the Deed Poll. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

C.2.2 **Size of the Proposed Bonus Warrants Issue**

As at the date hereof, none of the Shares is subject to moratorium.

Based on the Existing Issued Share Capital, the Proposed Bonus Warrants Issue will comprise up to 27,119,659 Warrants representing up to 100% of the Existing Issued Share Capital. Assuming that all the Warrants issued are exercised, the issued share capital of the Company (excluding 1,000,000 treasury Shares) would increase to 54,239,318 Shares, representing 200% of the Existing Issued Share Capital.

C.2.3 **Trading of Odd-lots**

All fractional entitlements to the Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders (as defined herein) and will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Shareholders should note that subject to the requirement of the SGX-ST, the Warrants are quoted on the Mainboard in board lot sizes of 100 warrants. Following the Proposed Bonus Warrants Issue, Shareholders who hold odd lots of the Warrants (i.e. less than 100 Warrants) and who wish to trade in odd lots on the Mainboard should note (where applicable) the setting up of the Unit Share Market of the SGX-ST to allow for trading of odd lots.

C.2.4 **Eligibility of Shareholders to Participate in the Proposed Bonus Warrants Issue**

- (a) **Entitlement to Warrants.** The Warrants to be issued pursuant to the Proposed Bonus Warrants Issue will be credited and allotted to Shareholders whose names appear in the records of the Central Depository (Pte) Limited (the “**CDP**”) or the Register of Members of the Company, as the case may be, as at the Books Closure Date, with registered addresses in Singapore or who have, at least three (3) consecutive market days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (“**Entitled Shareholders**”). The Proposed Bonus Warrants Issue will be made on the basis of one (1) Warrant for every one (1) Share held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded. Entitled Shareholders will be issued Warrants on the basis of their shareholdings as at the Books Closure Date.

For the avoidance of doubt, in the event the Subscriber and Introducer hold Shares issued pursuant to the Proposed Subscription as at the Books Closure Date, they shall not be entitled to participate in the Proposed Bonus Warrants Issue.

- (b) **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than in Singapore, the Warrants will NOT be offered or credited or allotted (as the case may be) to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Warrants which would otherwise be allotted to Foreign Shareholders will, if practicable, be sold on the Mainboard and the net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to the respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register or the Register of Members (as the case may be) as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such amount will be retained for the sole benefit of the Company or otherwise dealt with as the Directors may, in their absolute discretion, deem fit and no Foreign Shareholders shall have any claim whatsoever against the Company or CDP or the Directors or share registrar of the SGX-ST and their respective officers in respect of such sales or the proceeds thereof, of such entitlements to the Warrants.

Where such Warrants are sold on the Mainboard, they will be sold at any such price or prices as the Company, may in its absolute discretion, decide and deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP or the Directors or share registrar of the SGX-ST and their respective officers in respect of such sales.

- (c) **Entitlements not taken up; Fractional entitlements.** Any entitlements to the Warrants not taken up for any reason and fractional entitlements to the Warrants which are disregarded and not allotted to the Entitled Shareholders will be aggregated and sold on the Mainboard for the benefit of the Company or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

C.3 APPROVAL FOR THE PROPOSED BONUS WARRANTS ISSUE

The Proposed Bonus Warrants Issue is subject to, *inter alia*, the following conditions:

- (a) Tranche 1 Completion;
- (b) the receipt of the approval in-principle from the SGX-ST for the listing of and quotation for up to 27,119,659 Warrants and up to 27,119,659 Warrant Shares on the Official List of the SGX-ST, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (c) the listing and quotation notice (“**Notice**”) from the SGX-ST for the listing of and quotation for all the Warrants and Warrant Shares on the Mainboard; and
- (d) there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants.

An application will be made to the SGX-ST for permission to deal in, and the listing of and quotation for all the Warrants and the Warrant Shares on the Official List of the SGX-ST. The

Company will make the relevant announcement on the outcome of the application in due course. The date for the Books Closure Date will only be fixed and announced after the SGX-ST has issued the Notice or approved the Proposed Bonus Warrants Issue (as the case may be).

C.4 ADJUSTMENTS TO AWARDS

As at the date hereof, the Company has in force the AEI Performance Share Plan (“**AEI PSP**”) and no shares have been granted under the AEI PSP.

Pursuant to the AEI PSP, (i) the class and/or number of shares which are subject of an award (“**Award**”) to the extent not yet vested and the rights attached thereto; and/or (ii) the class and/or number of shares over which future Awards may be granted under the AEI PSP shall be subject to adjustments in view of the Proposed Bonus Warrants Issue.

The Company will make such further announcements on the adjustments for the Awards after such adjustments for Awards have been confirmed or reviewed (as the case may be) pursuant to the rules of the AEI PSP.

D. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Save as disclosed herein, none of the directors (other than in his capacity as director or shareholder of the Company, as the case may be) of the Company has any interest, direct or indirect in the Proposed Subscription and Proposed Bonus Warrants Issue. To the best of the knowledge of the Board, save as disclosed herein, there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Proposed Subscription and Proposed Bonus Warrants Issue.

E. APPLICATION TO THE SGX-ST

The Company will be submitting an application together with the conforming documents to the SGX-ST for the listing and quotation of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares, Option Shares, Introducer Shares and Warrants on the Official List of the SGX-ST at the appropriate time. The Company will make the necessary announcements upon the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares, Option Shares, Introducer Shares and Warrants on the Official List of the SGX-ST.

F. CIRCULAR

The Company will be seeking specific approval from the Shareholders at an extraordinary general meeting of the Company (“**EGM**”) to be convened to approve the Proposed Subscription and Proposed Bonus Warrants Issue. A circular setting out the details of, and other relevant information pertaining to the Proposed Subscription and Proposed Bonus Warrants Issue and such other transactions in connection with and/or incidental thereto (the “**Circular**”), together with the notice of EGM, will be despatched to Shareholders in due course.

Additionally, there will be a change in controlling interest pursuant to Rule 803 of the SGX-ST Listing Manual following completion of the Proposed Subscription, for which specific Shareholders’ approval shall be sought. Shareholders should also note that following the

issue of the Tranche 1 Subscription Shares, the Subscriber will become a substantial shareholder of the Company.

In view of the exemption accorded under Regulation 24(1) of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005, there will not be any prospectus, profile statement or offer information statement to be issued by the Company in relation to, and for the purpose of, the Proposed Bonus Warrants Issue.

G. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Subscription and Proposed Bonus Warrants Issue are subject to numerous conditions. There is no certainty or assurance as at the date of this Announcement that the Proposed Subscription and Proposed Bonus Warrants Issue will be completed or that no changes will be made to the respective terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

H. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to the Subscriber and the Introducer) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to the Subscriber and the Introducer) are fair and accurate in all material respects as at the date hereof and that this Announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and Proposed Bonus Warrants Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source or provided by the Subscriber and the Introducer (as the case may be), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Announcement in its proper form and context.

I. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company with respect to the Proposed Subscription and Proposed Bonus Warrants Issue as and when appropriate.

By Order of the Board

Tan Chu En Ian
Executive Director and Chief Executive Officer

8 August 2017

APPENDIX

KEY CONDITIONS PRECEDENT TO THE PROPOSED SUBSCRIPTION

1. Due Diligence

The Subscriber being satisfied with its due diligence investigations into the financial, legal, tax and business of the Company, including being satisfied that the Minimum NTA Requirement and Maximum Liability Threshold have been satisfied.

2. Regulatory Approvals

All necessary consents, approvals and waivers of all relevant government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the Subscription Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Company or the Subscriber (as relevant), including without limitation, the approval in-principle for the listing and quotation of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares, Option Shares and Introducer Shares on the Main Board of the SGX-ST and the waiver by the SIC being obtained by the Subscriber in respect of the Whitewash Waiver.

3. Representations and Warranties

All the representations and warranties of the Company and the Subscriber set out under the Subscription Agreement, as the case may be, being true and accurate in all material respects as of the date of the Subscription Agreement and as at the Tranche 1 Completion Date.

4. Shareholders' Approval

The resolution of the Shareholders having been obtained for the transactions contemplated in the Subscription Agreement and all other transactions in connection therewith and incidental thereto, including but not limited to:

- (a) allotment and issue of the Tranche 1 Subscription Shares;
- (b) allotment and issue of the Tranche 2 Subscription Shares;
- (c) allotment and issue of the Option Shares;
- (d) allotment and issue of the Introducer Shares;
- (e) the transfer of controlling interest in the Company pursuant to the allotment and issue of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares and Option Shares to the Subscriber;
- (f) the Whitewash Waiver, and such waiver not having been revoked prior to the Tranche 1 Completion Date;
- (g) the change in core business of the Company to such business as may be advised by the Subscriber;

- (h) a new share issue mandate to issue and allot Shares and convertible securities pursuant to Rule 806 of the SGX-ST Listing Manual taking into consideration the transactions contemplated in the Subscription Agreement and the Warrants; and
- (i) any additional items as may be agreed in writing between the Company and the Subscriber.

5. Subscription Bases

The Subscriber having received from the Company a letter of confirmation together with such documentary evidence as it may deem satisfactory in its sole discretion (such discretion to be exercised reasonably), confirming that the following are satisfied:

- (a) the Minimum NTA Requirement; and
- (b) the Maximum Liability Threshold.

6. No changes in Share Capital

For the period between the date of the Subscription Agreement and the Tranche 1 Completion Date, save with respect to the Proposed Bonus Warrants Issue, the Company not having allotted or issued, or agreed to allot or issue, any share, instrument convertible into shares or loan capital, or rights to subscribe or purchase any share, instrument convertible into shares or loan capital, and there being no change to the share capital of the Company as at the date of the Subscription Agreement.

7. No Winding-Up

No order being made, petition presented or meeting convened for the purpose of considering a resolution for:

- (a) the winding up of the Company or any of its subsidiaries; or
- (b) the appointment of any liquidator (provisional or otherwise), judicial manager, administrator, receiver, receiver and manager, custodian or similar official in respect of the Company, any of the Company's subsidiaries or any part of their respective property, assets and/or undertaking,

except, in respect of the Company's subsidiaries, pursuant to such internal restructuring undertaken in consultation with the Subscriber ("**Internal Restructuring**").

8. No Material Adverse Change

No material adverse change in the prospects, operations, conditions (financial or otherwise) of the Company having occurred between the date of the Subscription Agreement and the Tranche 1 Completion Date, both dates inclusive.

9. No Illegality

No relevant authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any

steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might (a) make the transactions contemplated in the Subscription Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same; (b) render the Subscriber unable to subscribe for all or any of the Tranche 1 Subscription Shares, Tranche 2 Subscription Shares and Option Shares in the manner set out in the Subscription Agreement; and/or (c) render the Company unable to receive the Tranche 1 Subscription Amount, Tranche 2 Subscription Amount and the Option Shares Subscription Amount in the manner set out in the Subscription Agreement.

10. AEI Disclosure Letter

The Company delivering to the Subscriber a letter from the Company to the Subscriber in relation to disclosures and qualifications to the representations and warranties of the Company as set out in the Subscription Agreement, no later than 1 week prior to the Tranche 1 Completion Date.

11. Undertaking Shareholder Indemnity

Tan Chu En Ian ("**Undertaking Shareholder**"), being an executive director and the chief executive officer of the Company, delivering a letter of indemnity (in the form agreed between the Undertaking Shareholder and the Subscriber) in relation to the Undertaking Shareholder providing certain indemnities to the Subscriber.

12. No Prescribed Occurrences

No Prescribed Occurrence having occurred in relation to the Company other than as required or contemplated by the Subscription Agreement between the date of the Subscription Agreement and the Tranche 1 Completion Date (both dates inclusive).

"**Prescribed Occurrence**" shall mean, save as contemplated in the Subscription Agreement, any of the following:

(a) Contracts, Agreements or Commitments

Other than in the ordinary and usual course of business and/or in connection with the Proposed Bonus Warrants Issue, the Company (i) entering or agreeing to enter into any contract, agreement or commitment to which the Company is a party; or (ii) entering or agreeing to enter into any variation of any existing contract, agreement or commitment to which the Company is a party; or (iii) releasing or waiving any material rights under any contract, agreement or commitment to which the Company is a party.

(b) Distribution Policy

The Company declaring, paying, making or agreeing to make any dividend or other distribution (cash or non-cash).

(c) Alteration of Share Capital

Other than in respect of the Proposed Bonus Warrants Issue, the Company (i) entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement or reduce its share capital in any way; (ii) undertaking any share consolidation, recapitalisation, combination, share splits, rights, bonus or capitalisation issues; or (iii)

making an allotment of, or granting an option to subscribe for, any Shares or securities convertible into Shares or agreeing to make such an allotment or to grant such an option or convertible security.

(d) Issuance of Debt Securities

The Company issuing, or agreeing to issue, convertible notes or other debt securities, or incur or agree to incur any debts, liabilities or third party borrowings, or provide any guarantee, security or indemnity (including creating any encumbrance over any of its assets, properties or undertakings).

(e) Insolvency Event

The occurrence of any event or circumstance described as follows:

- (i) the Company being unable to pay its debts as they fall due or suspends payment due to its creditors (including any class of creditors) or all its liabilities (whether actual or contingent) exceeds all its assets and the Company fails to rectify the same within three (3) months of the occurrence of such event; or
- (ii) any order being made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Company or for the appointment of any provisional liquidator in the Company; or
- (iii) any petition being presented for the appointment of a judicial manager, assignee, administrator, receiver, liquidator, custodian or similar official, and such official has been so appointed, in respect of the whole or any part of any of the property, assets and/or undertaking of the Company; or
- (iv) any composition in satisfaction of the debts of the Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors or members, having been proposed, sanctioned or approved; or
- (v) any distress, distraint, charging order, garnishee order, execution or other process having been levied or applied for in respect of the whole or any part of any of the property, assets and/or undertaking of the Company; or
- (vi) any of the events in paragraphs (e)(i) to (e)(v) above in respect of any subsidiary of the Company set out in the Subscription Agreement ("**Existing Subsidiary**"), as if all references to "the Company" in paragraphs (e)(i) to (e)(v) above shall also be *mutatis mutandis*, references to any Existing Subsidiary.

(f) Delisting or Suspension of Trading

The SGX-ST removing the Company from the Mainboard of the SGX-ST, or suspending the trading of Shares on the Mainboard of the SGX-ST for a period longer than three (3) business days or such other period of extension which the SGX-ST may determine (which for the avoidance of doubt, shall not include any trading halts or suspensions of trading of the Shares on the Mainboard of the SGX-ST made at the request of the Company or pursuant to any trading suspension imposed by the SGX-ST pursuant to Rule 1018 of the Listing Manual).

(g) Change in Accounting Policy

The Company changing its auditors or any accounting procedure or policy other than as required by law.

(h) Changes to Articles

The Company amending its constitution or any organisation documents (including its memorandum or articles of association).

(i) Breaches of Representations and Warranties

The Company doing or allowing to be done any act or omission that would constitute a breach of any representations or warranties by the Company in the Subscription Agreement.