

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

ANNOUNCEMENT

PROPOSED INTERNAL RESTRUCTURING

1. INTRODUCTION

The Board of Directors (the "**Directors**") of the Company (together with its subsidiaries, the "**Group**") wishes to announce that as an internal restructuring exercise, AEI Engineering Pte. Ltd. ("**AEIE**"), a wholly-owned subsidiary of the Company, has on 23 June 2016 entered into a business transfer agreement (the "**Agreement**") with AEI Corporation (Singapore) Pte. Ltd. ("**AEICS**"), another wholly-owned subsidiary of the Company, for the sale and transfer of AEIE's Business and Assets (both terms as defined below) to AEICS (the "**Proposed Business Transfer**").

2. DETAILS OF THE PROPOSED BUSINESS TRANSFER

- 2.1 AEIE carries on the business of manufacturing engineering components. AEICS is currently the sole customer of AEIE.
- 2.2 AEICS was incorporated in Singapore on 3 March 2015 and its principal activities include manufacturing, importing and exporting of aluminum extrusion sections metal materials and related products.
- 2.3 Pursuant to the terms of the Agreement, AEIE will sell and AEICS will purchase AEIE's Business and the Assets and assume AEIE's Liabilities with effect from the date of completion of the Proposed Business Transfer. Under the Agreement,
- (a) "**Assets**" comprise equipment, stocks, inter-company receivables and other receivables, book debts, benefit of all business claims, benefits of contracts and leasing agreements which are assignable, and all of the assets of whatever nature (other than the Excluded Assets) employed in the Business at completion;
 - (b) "**Business**" means the business of manufacturing engineering components;
 - (c) "**Excluded Assets**" refers to (i) all the statutory books and statutory records of the AEIE; (ii) all cash in hand or at the bank; (iii) certain prepayments and deposits for services made by AEIE; and (iv) any amounts recoverable by AEIE in respect of taxation paid or payable by AEIE in connection with matters or event occurring on or before completion; and
 - (d) "**Liabilities**" refers to all the debts, claims, expenses, outgoings, costs and other liabilities in connection to the Business, irrespective of whether the liability is actual, prospective, contingent or otherwise, ascertained or unascertained, present or future, conditional or unconditional or whether incurred alone, jointly or severally with any person.
- 2.4 After the completion of the Proposed Business Transfer, AEIE will retain the Excluded Assets.

2.5 The purchase consideration for the Proposed Business Transfer (“**Purchase Price**”) is to be determined based on the book value of the Assets less the book value of the Liabilities as recorded on the management accounts of AEIE on 30 June 2016 (excluding the Excluded Assets). The Purchase Price will be satisfied by AEICS in cash on the date of completion of the Proposed Business Transfer or on such other date as may be mutually agreed by the parties in writing to such account as AEIE shall have specified in writing to AEICS.

3. RATIONALE FOR THE PROPOSED BUSINESS TRANSFER

The rationale of the Proposed Business Transfer is to streamline the operations of the Group for greater administrative efficiency and to reduce the operating costs of the Group.

4. FINANCIAL EFFECTS OF THE PROPOSED BUSINESS TRANSFER

The Proposed Business Transfer is not expected to have any material effects on the net tangible asset per share and earnings per share of the Group for the current financial year ending 31 December 2016.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Business Transfer, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

BY ORDER OF THE BOARD

Tan Chu En Ian
Executive Director and Chief Executive Officer

23 June 2016