

LETTER DATED 10 APRIL 2015

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of AEI Corporation Ltd. (the “Company”), you should immediately forward this Letter, the Notice of Annual General Meeting and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.



AEI CORPORATION LTD.

(Incorporated in Singapore)
(Company Reg. No. 198300506G)

LETTER TO SHAREHOLDERS

in relation to

- 1. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE;**
- 2. THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- 3. THE PROPOSED INTERNAL RESTRUCTURING OF THE COMPANY INVOLVING TRANSFERS OF BUSINESS, ASSETS AND PROPERTY FROM THE COMPANY TO WHOLLY-OWNED SUBSIDIARIES.**

IMPORTANT DATES AND TIMES:

Last Date and Time for Lodgement of Proxy Forms	:	25 April 2015 at 9 a.m.
Date and Time of Annual General Meeting	:	27 April 2015 at 9 a.m.
Place of Annual General Meeting	:	12 Penjuru Lane, Singapore 609192

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DEFINITIONS

For the purpose of this Letter, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

“2010 Circular”	:	The Company's Circular to Shareholders dated 6 April 2010, issued in connection with the 2010 EGM
“2010 EGM”	:	The extraordinary general meeting of the Company held on 27 April 2010
“2011 AGM”	:	The annual general meeting of the Company held on 28 April 2011
“2012 AGM”	:	The annual general meeting of the Company held on 26 April 2012
“2013 AGM”	:	The annual general meeting of the Company held on 23 April 2013
“2014 AGM”	:	The annual general meeting of the Company held on 28 April 2014
“Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“AEICS”	:	AEI Corporation (Singapore) Pte. Ltd.
“AGM”	:	The annual general meeting of the Company to be held on 27 April 2015
“Approval Date”	:	The date of the forthcoming AGM at which the renewal of the Share Buy-Back Mandate is approved
“Assets”	:	Such of the assets as described in Section 4 of this Letter
“Books Closure Date”	:	The date as may be determined by the Directors and subject to SGX-ST's approval on the issue of the Consolidated Shares, being the date at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation, provided that the last day of trading on a cum basis must fall at least one (1) day after the EGM
“Business”	:	Such of the business as described in Section 4 of this Letter
“Business Transfer Agreement”	:	The sale and purchase agreement for the Business and the Assets to be executed between the Company and AEICS
“CDP”	:	The Central Depository (Pte) Limited
“Code”	:	The Singapore Code on Take-overs and Mergers
“Company”	:	AEI Corporation Ltd.
“Completion Date”	:	The date which is ten (10) business days after the day on which the last of the conditions precedent set out in the Business Transfer Agreement is received, obtained or fulfilled; or any date agreed in writing between the Company and AEICS

“Consolidated Shares”	: Shares in the capital of the Company after completion of the Proposed Share Consolidation and “Consolidated Share” shall be construed accordingly
“controlling shareholders”	: A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Directors”	: The directors of the Company as at the date of this Letter
“Effective Trading Date”	: The date as may be determined by the Directors, being the date at and on which the Shares will trade on the Mainboard of the SGX-ST in board lots of 100 Consolidated Shares
“EGM”	: The extraordinary general meeting of the Company to be held on 27 April 2015 after the AGM
“EPS”	: Earnings per Share
“Existing Shares”	: Shares in the capital of the Company prior to the Proposed Share Consolidation
“Group”	: The Company and its subsidiaries
“Latest Practicable Date”	: The latest practicable date prior to the printing of this Letter, being 20 March 2015
“Letter”	: This Letter to Shareholders dated 10 April 2015 in relation to the proposed renewal of the Share Buy-Back Mandate, the Proposed Share Consolidation, and the Proposed Internal Restructuring
“Listing Manual”	: SGX-ST Listing Manual
“Listing Rules”	: The listing rules of the SGX-ST set out in the Listing Manual
“Market Day”	: A day on which the SGX-ST is open for securities trading
“NTA”	: Net tangible assets
“per cent or %”	: Percentage or per centum
“Property”	: The land held under Lot 7833W Mukim 5 and bearing the postal address of 12 Penjuru Lane Singapore 609192
“Proposed Internal Restructuring”	: The proposed sale of the Business and Assets, and the Property by the Company to AEICS, details of which are as set out in Section 4 of this Circular
“Proposed Share Consolidation”	: The proposed consolidation of every ten (10) Existing Shares in the capital of the Company held by Shareholders of the Company at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“S\$ and cents”	: Singapore dollars and cents, respectively

“SPA for Property”	: The sale and purchase agreement for the Property to be executed between the Company and AEICS
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Persons who are registered as holders of the Shares in the Register of Members of the Company, or where CDP is the registered holder, the term “Shareholders” shall in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	: Ordinary shares in the capital of the Company and “Share” shall be construed accordingly
“Share Buy-Back”	: The buy-back of Shares by the Company in accordance with the terms set out in this Letter as well as the Act and the Listing Manual
“Share Buy-Back Mandate”	: The general mandate given by Shareholders to authorise the Directors to effect Share Buy-Backs
“Share Options”	: Outstanding share options granted pursuant to the AEI Corporation Ltd. Share Option Scheme
“SIC”	: Securities Industry Council
“Substantial Shareholder”	: A person who has an interest of not less than 5% of the issued voting shares of the Company

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Letter is made by reference to Singapore time unless otherwise stated.

AEI CORPORATION LTD.
(Incorporated in Singapore)
(Company Reg. No. 198300506G)

Directors:

Tan Chu En Ian (*Executive Director and Chief Executive Officer*)
Sinta Muchtar (*Executive Director*)
Yeung Koon Sang alias David Yeung (*Non-Executive Chairman and Independent Director*)
Dr. Vasoo Sushilan (*Independent Director*)
Teng Cheong Kwee (*Independent Director*)

Registered Office:

12 Penjuru Lane
Singapore 609192
Tel: 6261 2244
Fax: 6264 0080

10 April 2015

To: The Shareholders of AEI Corporation Ltd.

Dear Sir/Madam

- (1) **THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE;**
- (2) **THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (3) **THE PROPOSED INTERNAL RESTRUCTURING OF THE COMPANY INVOLVING TRANSFERS OF BUSINESS, ASSETS AND PROPERTY FROM THE COMPANY TO WHOLLY-OWNED SUBSIDIARIES.**

1. INTRODUCTION

The Directors have proposed that the renewal of the Share Buy-Back Mandate be discussed as special business at the AGM and the Proposed Share Consolidation and the Proposed Internal Restructuring to be discussed at the EGM which is to be held on the same day after the AGM and that the Shareholders' approval be sought.

The purpose of this Letter is to provide Shareholders with information relating to the proposed renewal of the Share Buy-Back Mandate, the Proposed Share Consolidation and the Proposed Internal Restructuring to be tabled at the AGM and EGM.

1.1 The Proposed Renewal of the Share Buy-Back Mandate

The Company's existing Share Buy-Back Mandate was first approved by Shareholders at the 2010 EGM. The rationale for, the authority and limitations on, and the financial effects of the Share Buy-Back Mandate were set out in the 2010 Circular.

The Share Buy-Back Mandate was subsequently renewed, upon approval by Shareholders, at the 2011 AGM, 2012 AGM, 2013 AGM and 2014 AGM and the authority given thereunder to carry out Share Buy-Backs was to be effective during the period commencing from the date of the passing of the ordinary resolution approving it at the 2014 AGM and expiring on the earlier of: (i) the date on which the next annual general meeting of the Company is held or required by law to be held; (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in general meeting.

Accordingly, Shareholders' approval is being sought for the renewal of the Share Buy-Back Mandate to be tabled as an ordinary resolution under special business for Shareholders' approval at the AGM.

The Directors propose that the Share Buy-Back Mandate be renewed at the AGM to continue to authorise the Company to undertake Share Buy-Backs.

More details on the proposed renewal of the Share Buy-Back Mandate are set out in section 2 of this Letter.

1.2 The Proposed Share Consolidation

The Company also announced on 13 March 2015, that the board of Directors is proposing to seek Shareholders' approval to undertake the Proposed Share Consolidation pursuant to which the Company proposes to consolidate every ten (10) Existing Shares into one (1) Consolidated Share as at the Books Closure Date.

On 6 April 2015, the board of Directors announced that the Company had obtained in-principle approval from the SGX-ST for the listing and quotation of the Consolidated Shares on the Mainboard of the SGX-ST. The in-principle approval of the SGX-ST is subject to the conditions set out in section 3.2 of this Circular.

The Proposed Share Consolidation is subject to Shareholders' approval being obtained at the EGM, by way of an ordinary resolution.

More details on the Proposed Share Consolidation are set out in section 3 of this Letter.

1.3 The Proposed Internal Restructuring

The Company will enter into (i) the Business Transfer Agreement in respect of the sale of Business and Assets, and (ii) the SPA for Property in respect of the Property, both with AEICS, the Company's wholly-owned subsidiary after obtaining the approval of Shareholders at the EGM, by way of an ordinary resolution.

More details on the Proposed Internal Restructuring are set out in section 4 of this Letter.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Rationale

The rationale for renewing the Share Buy-Back Mandate is to continue to allow the Company the flexibility to undertake Share Buy-Backs at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force. The board of Directors believes that Share Buy-Backs provide the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above the Company's ordinary capital requirements in an expedient and cost-efficient manner. Share Buy-Backs will allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA per Share of the Company and the Group. The Directors also believe that Share Buy-Backs will help militate against short term market volatility and offset the effects of short term speculation.

The Directors will only engage in Share Buy-Backs when they believe that it would benefit the Company and Shareholders, taking into consideration factors such as the amount of surplus cash available and the prevailing market conditions. In addition, the Directors do not intend to engage in Share Buy-Backs to such extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, the orderly trading of the Shares, or result in the Company being de-listed from the SGX-ST.

2.2 Authority and Limits

The authority and limitations placed on the Share Buy-Back Mandate, if renewed at the forthcoming AGM, are summarised as follows:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the Approval Date (excluding any treasury shares which may be held by the Company from time to time).

For illustrative purposes only, on the basis of 271,196,667 Shares in issue (excluding treasury shares) as at the Latest Practicable Date, not more than 27,119,666 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the renewed Share Buy-Back Mandate.

In the event that any of the Share Options that have vested are exercised during the period between the Latest Practicable Date and the date of the AGM, only those new Shares that are allotted and issued by the Approval Date pursuant to the exercise of such vested Share Options will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

(b) Duration of authority

Under the renewed Share Buy-Back Mandate, Share Buy-Backs may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the renewed Share Buy-Back Mandate is revoked or varied by the Company in general meeting; or
- (iii) the date on which Share Buy-Backs are carried out to the full extent mandated.

(c) Manner of Share Buy-Backs

Share Buy-Backs may be made by way of:

- (i) an on-market purchase (“**On-Market Purchase**”) transacted through the SGX-ST or on another stock exchange on which the Shares are listed (as defined in Section 76E of the Act); and/or
- (ii) an off-market purchase (“**Off Market Purchase**”) effected pursuant to an equal access scheme (as defined in Section 76C of the Act) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Act and the Listing Rules.

Under the Act, an Off-market Purchase effected in accordance with an equal access scheme must satisfy all of the following conditions:

- (i) the offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (ab) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (ac) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

In addition, the Rule 883 of the Listing Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buy-Back;
- (iv) the consequences, if any, of share purchase by the Company that will arise under the Code or other applicable takeover rules;
- (v) whether the Share Buy-Back, if made, could affect the listing of the Shares on the SGX-ST;
- (vi) details of any Share Buy-Backs made by the Company in the previous 12 months (whether by way of On-Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share in the event of any Share Buy-Back shall be determined by the Directors, but in any event, shall not exceed the Maximum Price, which:

- (i) in the case of an On-Market Purchase, shall mean the price per Share based on not more than 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action occurring after such 5-market day period; and
- (ii) in the case of an Off-Market Purchase, shall mean the price per Share based on not more than 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme.

2.3 Status of Purchased Shares

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company in accordance with the Act) will be automatically de-listed by the SGX-ST and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

(a) **Maximum holdings**

The number of shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) **Voting and other rights**

The treasury shares shall be treated as having no voting rights and shall not be entitled to any dividend or other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up). However, an allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed if the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) **Disposal and cancellation**

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/ or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares of the usage.

2.4 Source Of Funds

The Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Act, a company is solvent if:

- (a) the company is able to pay its debts in full as they fall due in the normal course of business at the time of payment for the purchase of shares, as well as during the period of twelve (12) months after the date of the payment for such purchase; and

- (b) the value of the company's assets, at the time of the purchase and after such purchase, will not be less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect or may affect such values.

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Buy-Back Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.5 Financial Effects of the Share Buy-Backs

The financial effects on the Company and the Group arising from Share Buy-Backs made pursuant to the Share Buy-Back Mandate will depend on, inter alia, the number of Shares purchased or acquired, the price paid for such Shares and the manner in which the purchase or acquisition is funded.

Where the consideration paid by the Company for a Share Buy-Back is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for a Share Buy-Back is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Company and the Group set out in this section are based on the audited accounts of the Company and the Group for the financial year ended 31 December 2014 and the assumptions set out below:

(a) **Exercise in full of the Share Buy-Back Mandate**

For illustrative purposes only, on the basis of 271,196,667 Shares in issue (excluding treasury shares) as at the Latest Practicable Date, the exercise in full of the Share Buy-Back Mandate will result in the purchase or acquisition of 27,119,666 Shares, representing 10% of the Shares in issue as at that date.

(b) **Maximum price to be paid for Share Buy-Backs**

For illustrative purposes only, in the case of an On-Market Purchase by the Company and assuming that the Company purchases or acquires 27,119,666 Shares at the Maximum Price of S\$0.11 per Share (being 5% above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 27,119,666 Shares is S\$2,983,163.

For illustrative purposes only, in the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 27,119,666 Shares at the Maximum Price of S\$0.12 per Share (being 20% above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 27,119,666 Shares is S\$3,254,360.

For illustrative purposes only, based on the audited accounts of the Company and the Group for the financial year ended 31 December 2014 and the assumptions set out above, and assuming the Share Buy-Backs are funded solely from capital, the financial effects of the Share Buy-Backs pursuant to the Share Buy-Back Mandate on the audited accounts of the Company and the Group for the financial year ended 31 December 2014 as if the Share Buy-Back Mandate had been effective on 1 January 2014 are as follows:

(a) On-Market Purchases made entirely out of capital and cancelled

	Group		Company	
	Before the Share Buy-Backs	After the Share Buy-Backs	Before the Share Buy-Backs	After the Share Buy-Backs
As at 31 December 2014	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Shareholders' Funds	46,845	43,862	44,108	41,125
NTA	46,207	43,224	44,108	41,125
Current Assets	40,218	37,235	38,330	35,347
Current Liabilities	6,911	6,911	4,307	4,307
Working Capital	33,307	30,324	34,023	31,040
Total Borrowings	4,606	4,606	-	-
Net Loss	(7,893)	(7,893)	(10,486)	(10,486)
Treasury Shares	-	-	-	-
Number of Shares	271,196,667*	244,077,001	271,196,667	244,077,001
Financial Ratios				
NTA per Share (cents)	17.3	18.0	16.3	16.8
Gearing (%)	9.8	10.5	-	-
Current Ratio (times)	5.8	5.4	8.9	8.2
EPS (cents)	(2.9)	(3.2)	(3.9)	(4.3)

(b) On-Market Purchases made entirely out of capital and held as treasury shares

	Group		Company	
	Before the Share Buy-Backs	After the Share Buy-Backs	Before the Share Buy-Backs	After the Share Buy-Backs
As at 31 December 2014	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Shareholders' Funds	46,845	43,862	44,108	41,125
NTA	46,207	43,224	44,108	41,125
Current Assets	40,218	37,235	38,330	35,347
Current Liabilities	6,911	6,911	4,307	4,307
Working Capital	33,307	30,324	34,023	31,040
Total Borrowings	4,606	4,606	-	-
Net Loss	(7,893)	(7,893)	(10,486)	(10,486)
Treasury Shares	-	2,983	-	2,983
Number of Shares	271,196,667*	244,077,001	271,196,667	244,077,001
Financial Ratios				
NTA per Share (cents)	17.3	18.0	16.3	16.8
Gearing (%)	9.8	10.5	-	-
Current Ratio (times)	5.8	5.4	8.9	8.2
EPS (cents)	(2.9)	(3.2)	(3.9)	(4.3)

(c) Off-Market Purchases made entirely out of capital and cancelled

	Group		Company	
	Before the Share Buy-Backs	After the Share Buy-Backs	Before the Share Buy-Backs	After the Share Buy-Backs
As at 31 December 2014	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Shareholders' Funds	46,845	43,591	44,108	40,854
NTA	46,207	42,953	44,108	40,854
Current Assets	40,218	36,964	38,330	35,076
Current Liabilities	6,911	6,911	4,307	4,307
Working Capital	33,307	30,053	34,023	30,769
Total Borrowings	4,606	4,606	-	-
Net Loss	(7,893)	(7,893)	(10,486)	(10,486)
Treasury Shares	-	-	-	-
Number of Shares	271,196,667*	244,077,001	271,196,667	244,077,001
Financial Ratios				
NTA per Share (cents)	17.3	17.9	16.3	16.7
Gearing (%)	9.8	10.6	-	-
Current Ratio (times)	5.8	5.3	8.9	8.1
EPS (cents)	(2.9)	(3.2)	(3.9)	(4.3)

(d) Off-Market Purchases made entirely out of capital and held as treasury shares

	Group		Company	
	Before the Share Buy-Backs	After the Share Buy-Backs	Before the Share Buy-Backs	After the Share Buy-Backs
As at 31 December 2014	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Shareholders' Funds	46,845	43,591	44,108	40,854
NTA	46,207	42,953	44,108	40,854
Current Assets	40,218	36,964	38,330	35,076
Current Liabilities	6,911	6,911	4,307	4,307
Working Capital	33,307	30,053	34,023	30,769
Total Borrowings	4,606	4,606	-	-
Net Loss	(7,893)	(7,893)	(10,486)	(10,486)
Treasury Shares	-	3,254	-	3,254
Number of Shares	271,196,667*	244,077,001	271,196,667	244,077,001
Financial Ratios				
NTA per Share (cents)	17.3	17.9	16.3	16.7
Gearing (%)	9.8	10.6	-	-
Current Ratio (times)	5.8	5.3	8.9	8.1
EPS (cents)	(2.9)	(3.2)	(3.9)	(4.3)

* Number of shares as at the Latest Practicable Date, which includes placement of 20,000,000 issues of ordinary share on 15 January 2015.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for the financial year ended 31 December 2014 and is not necessarily representative of the future financial performance of the Company or the Group.

Although the Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back the entire 10% of the issued Shares, nor to such an extent that would materially and adversely affect the financial position of the Company or the Group.

Share Buy-Backs will only be effected after assessing the relative impact of a Share Buy-Back taking into consideration both financial factors (such as cash surplus, debt position, availability of financial resources and working capital requirements) and non-financial factors (such as share market conditions, funding arrangements, expansion and investment plans of the Group and the performance of the Shares). The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

2.6 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.7 Listing Rules

(a) Reporting requirements

Rule 886 of the Listing Rules provides that a listed company shall notify the SGX-ST of any Share Buy-Back as follows:

- (i) in the case of an On-Market Purchase, by 9.00 a.m. on the Market Day following the day on which it purchases Shares; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer.

The notification of such Share Buy-Backs to the SGX-ST shall be in such form and shall include such details as the SGX-ST may prescribe, such as the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

(b) Insider trading

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of its Shares pursuant to the renewed Share Buy-Back Mandate at any time after a price sensitive matter or development has occurred or has been the subject of a decision until the price sensitive information has been announced. In particular, in line with the best practices on securities dealings stated in Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares pursuant to the renewed Share Buy-Back Mandate during the period commencing two weeks immediately preceding the announcement of the Company's quarterly results or one month immediately preceding the announcement of the Company's half year or full year results, as the case may be.

(c) Listing status

The Listing Rules require a listed company to ensure that at least 10% of its shares (excluding treasury shares, excluding preference shares and convertible equity securities) are at all times held by the public.

As at the Latest Practicable Date, approximately 70% of the Company's Shares are held in the hands of the public. Assuming that the Company purchases the maximum of 10% of its issued Shares from such public Shareholders and the Shares bought back are cancelled, the resultant percentage of the issued Shares held by the public would be reduced to approximately 66%. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by the public which would permit the Company to undertake Share Buy-Backs up to the full 10% limit pursuant to the renewed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST

2.8 TAKEOVER IMPLICATIONS UNDER THE CODE

Appendix 2 of the Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a take-over offer

Pursuant to Appendix 2 of the Code, any increase in the percentage of voting rights held by a shareholder and persons acting in concert with him resulting from a Share Buy-Back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, depending on the number of Shares purchased or acquired by the Company and the number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14 of the Code.

(b) Persons acting in concert

Under the Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, any company whose associated companies include any of the aforesaid companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

- (v) a financial or other professional adviser (including a stockbroker), with its clients in respect of the shareholdings of (a) the adviser and the persons controlling, controlled by or under the same control as the adviser; and (b) all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions and companies controlled by any of the aforesaid persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders including Directors and persons acting in concert with them respectively will incur an obligation to make a takeover offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 of the Code.

(c) **Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Code is that, unless exempted, Directors and parties acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one (1)% in any period of six (6) months.

Under Appendix 2 of the Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one (1)% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

(d) **Mandatory take-over obligation for the Concert Parties**

The interests of the Directors and Substantial Shareholders of the Company in the Shares are disclosed in Section 5 of this Letter.

As at the date hereof, Lauw & Sons Holdings Pte Ltd has 41,479,235 Shares in the Company, representing a 15.29% shareholding interest in the Company. Treadstone Holdings Pte. Ltd. has an aggregate interest (direct and deemed) in 37,092,079 Shares representing 13.68% of the total issued share capital of the Company.

Madam Sinta Muchtar, Executive Director of the Company, is the spouse of Mr Tan Chu En Ian who is the Executive Director and Chief Executive Officer of the Company. She is therefore deemed interested in the 3,200,000 Shares held by Mr Tan Chu En Ian. Madam Sinta Muchtar also owns 50% of the issued capital of Treadstone Holdings Pte Ltd. She is therefore deemed interested in the

37,092,079 Shares held by Treadstone Holdings Pte Ltd. Madam Sinta Muchtar is also the legal and beneficial owner of 12.5% of the issued share capital of Lauw & Sons Holdings Pte Ltd and is deemed interested in the 41,479,235 Shares held by Lauw & Sons Holdings Pte Ltd by virtue of Section 7(4A)(c) of the Companies Act. Accordingly, Madam Sinta Muchtar has an aggregate interest in 81,771,314 Shares representing 30.15% of the total issued share capital of the Company as at the date hereof.

Mr Tan Chu En Ian, Executive Director and Chief Executive Officer of the Company owns 50% of the issued capital of Treadstone Holdings Pte Ltd. He is therefore deemed interested in the 37,092,079 Shares held by Treadstone Holdings Pte Ltd, representing 13.68% of the total issued share capital of the Company. Mr Tan also directly owns 3,200,000 shares in the Company. His direct and deemed interests in the company represent an aggregate of 14.86% of the total issued share capital of the Company as at the date hereof.

The other directors of the Company, namely Mr Yeung Koon Sang alias David Yeung, Dr. Vasoo Sushilan and Mr Teng Cheong Kwee each holds 100,000, 100,000 and 100,000 shares in the Company respectively.

The Company confirms that save for Mr Tan Chu En and Madam Sinta Muchtar who are husband and wife, none of the directors is related to one another.

Mr Tan Chu En Ian and Madam Sinta Muchtar are concert parties by virtue of the fact that they are spouses. Treadstone Holdings Pte Ltd is jointly controlled by Mr Tan Chu En Ian and Madam Sinta Muchtar, while Lauw & Sons Holdings Pte Ltd is controlled by Madam Sinta Muchtar and her associates. These two companies are therefore the concert parties of Mr Tan Chu En Ian and Madam Sinta Muchtar. Treadstone Holdings Pte Ltd and Lauw & Sons Holdings Pte Ltd are collectively referred to as the "**Concert Parties**". Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties have an interest (direct and deemed) in 81,771,314 Shares representing 30.15% of the total issued share capital of the Company as at the date hereof.

Assuming that the Company purchases the maximum of 27,119,666 Shares (being 10% of its issued Shares excluding treasury shares) pursuant to the Share Buy-Back Mandate and that such Shares are cancelled upon purchase, the aggregate interests of Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties would increase from 30.15% to 33.50% of the issued share capital of the Company, assuming there is no change in the number of Shares held by each of the parties concerned. Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties would incur a mandatory take-over obligation for all the Shares.

(e) **Exemption under Appendix 2 of the Code and conditions for exemption from having to make a general offer under Rule 14 of the Code**

Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties will be exempted from the requirement to make a general offer or the Company under Rule 14 of the Code if the aggregate shareholding of Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties increases by more than one (1)% in any six (6) month period as a result of any Share Buy-Back, subject to the following conditions:

- (i) the circular to Shareholders seeking their approval for the Share Buy-Back Mandate will contain:
 - (aa) advice to the effect that by voting in favour of the resolution to approve the Share Buy-Back Mandate, Shareholders are waiving their rights to a mandatory general offer at the required price (as determined in accordance with Appendix 2 of the Code) from Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties who,

as a result of the Company buying back its shares, would increase their total voting rights in the Company to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than one (1) % in any period of 6 months; and

- (bb) the names of Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties, their voting rights as at the time of the resolution and after the proposed Share Buy-Back;
- (ii) the resolution to authorise the Share Buy-Back Mandate to be approved by a majority of the Shareholders present and voting at the extraordinary general meeting to be held on 27 April 2015 on a poll who could not become obliged to make an offer as a result of the Share Buy-Back;
- (iii) Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties abstain from voting and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buy-Back Mandate;
- (iv) within seven (7) days after the passing of the resolution to authorise the Share Buy-Back Mandate, each of Mr Tan Chu En Ian and Madam Sinta Muchtar submits to the SIC a duly signed form as prescribed by the SIC;
- (v) Mr Tan Chu En Ian, Madam Sinta Muchtar and/or the Concert Parties, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:
 - (aa) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (bb) the date on which the Company announces that it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be;

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to 30% or more; and

- (vi) Mr Tan Chu En Ian, Madam Sinta Muchtar and/or the Concert Parties, together holding between 30% and 50% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:
 - (aa) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (bb) the date on which the Company announces that it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be;

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase by more than one (1) % in the preceding 6 months;

As such, if the aggregate voting rights held by Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties increase by more than one (1) % solely as a result of the Company's buy-back of Shares under the Share Buy-Back Mandate, and none of them has acquired any Shares under the relevant six (6) month period, then Mr Tan Chu En Ian, Madam Sinta Muchtar and/or the Concert Parties would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares under the Share Buy-Back Mandate and the increase in the aggregate voting rights held by Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties as a result of the Company buying back its Shares at the time of such cessation is less than one (1) % in any six (6) month period, Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties will be allowed to acquire voting rights in the Company. However, any increase in the percentage of voting rights of Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties as a result of the Share Buy-Backs will be taken into account together with any voting rights acquired by Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties (by whatever means) in determining whether Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties have increased their aggregate voting rights in the Company by more than one (1) % in any six (6) month period.

(f) **Submission of Form 2 to the SIC**

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to paragraph (iv) of section 2.8(e) above) from the requirement to make a take-over offer under Rule 14 of the Code as a result of the buy-back of shares by a listed company under its share purchase mandate.

Mr Tan Chu En Ian and Madam Sinta Muchtar have informed the Company that they will be submitting a Form 2 to the SIC within seven (7) days after the passing of the resolution authorising the Share Buy-Back Mandate.

(g) **Waiver**

Shareholders should note that by voting in favour of the Share Buy-Back Mandate, they are waiving their rights to a take-over offer by Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by SIC, would have to be made in cash or be accompanied by a cash alternative at the higher of (a) the highest price paid by Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties for the Company's Shares in the preceding six (6) months, or the highest price paid by the Company for its own shares in the preceding six (6) months.

Save as disclosed above, the Directors are not aware of any other Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

Appendix 2 of the Code requires that the resolution to authorise the Share Buy-Back Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Code as a result of the Share Buy-Back. Accordingly, the ordinary resolution relating to the Share Buy-Back Mandate set out in the notice of AGM is proposed to be taken on a poll and Mr Tan Chu En Ian, Madam Sinta Muchtar and the Concert Parties shall abstain from voting on such Ordinary Resolution.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Code as a result of Share Buy-Backs by the Company are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

3. THE PROPOSED SHARE CONSOLIDATION

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date. After the Books Closure Date, every ten (10) Existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated to constitute one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

In determining the consolidation ratio, the board of Directors has given due regard to volatility in the price of the Shares. The board of Directors is of the view that a sufficient buffer has been provided to cater to fluctuations in the price of the Shares such that the Company could meet the minimum trading price per share of S\$0.20 in the long term.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion after consulting the Company's legal or financial advisers with regards to the shareholders' rights, deem fit in the interests of the Company, including aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

With effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares.

As at the Latest Practicable Date, the Company has an issued share capital of S\$49,169,000 divided into 271,196,667 Shares (excluding 10,000,000 treasury shares). On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$49,169,000 divided into approximately 27,119,659 Consolidated Shares.

The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company and will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and will have no effect on the Shareholders' funds of the Company and/or its Subsidiaries. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.

However, Shareholders should note that the Proposed Share Consolidation could result in odd lots and Shareholders holding odd lots of Consolidated Shares could face practical difficulties with their Consolidated Shares. To mitigate the impact of this problem, the Company has made arrangements for the trading of odd lots of the Consolidated Shares. Please refer to Section 3.5 of this Letter.

3.1 Rationale for the Proposed Share Consolidation

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders.

The highest and lowest market prices for each month immediately preceding six months and the transacted volume of the Shares traded on the SGX-ST for each such month, up to the Latest Practicable Date, are as follows:

	Lowest (S\$)	Highest (S\$)	Volume of traded Shares ('000)
September 2014	0.119	0.13	3022
October 2014	0.116	0.12	481
November 2014	0.12	0.12	674
December 2014	0.118	0.12	794
January 2015	0.109	0.124	1072
February 2015	0.099	0.118	233.4
1 March 2015 up to 20 March 2015	0.094	0.111	1381.1

For illustrative purposes only, the Company's 6-month volume weighted average share price ("**6-month VWAP**") for the period of 1 September 2014 to 20 March 2015 is S\$0.116.

The board of Directors is of the view that the Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of issued Shares and the trading price per Consolidated Share should theoretically be higher than the trading price per Share prior to the Proposed Share Consolidation. The theoretical adjusted 6-month VWAP based on consolidated shares is calculated as follows:

	Lowest (S\$)	Highest (S\$)	Volume of traded Shares ('000)
September 2014	1.19	1.3	302.2
October 2014	1.16	1.2	48.1
November 2014	1.2	1.2	67.4
December 2014	1.18	1.2	79.4
January 2015	1.09	1.24	107.2
February 2015	0.99	1.18	23.34
1 March 2015 to 20 March 2015	0.94	1.11	138.11

On the assumption that the Proposed Share Consolidation had been in place for the six (6) months prior to the date of this Announcement, the theoretical adjusted 6-month VWAP based on the Consolidated Shares for the period of 1 September 2014 to 20 March 2015 will be S\$1.16.

If the price per Consolidated Share is indeed higher than the trading price per Share prior to the Proposed Share Consolidation, the Proposed Share Consolidation may also increase the profile of the Company amongst investors and the coverage of the Company by research houses and fund managers. This may, in turn, increase market interest and activity in the Consolidated Shares, and generally make the Consolidated Shares more attractive to investors. The Proposed Share Consolidation may also serve to reduce the transaction costs for investors in their dealings in the Consolidated Shares.

Furthermore, the Proposed Share Consolidation would facilitate the Company's ability to satisfy the prospective continuing listing requirement to be imposed by the SGX-ST for issuers listed on the SGX Mainboard to have a minimum trading price per share of S\$0.20.

However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3.2 Conditions of the Proposed Share Consolidation

On 6 April 2015, the Company announced that it had obtained the in-principle approval from the SGX-ST for the listing of, and quotation for, up to 27,119,659 Consolidated Shares, subject to:

- (a) Shareholders' approval for the Proposed Share Consolidation by way of ordinary resolution at the EGM to be convened; and
- (b) compliance with the SGX-ST's listing requirements.

Shareholders are advised that the aforesaid approval in-principle from the SGX-ST is in no way reflective of and is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its Subsidiaries.

An announcement will be made by the Company to notify Shareholders of the date when the Proposed Share Consolidation will become effective, the Effective Trading Date and the Books Closure Date in due course.

However, Shareholders should note that whilst the board of Directors is seeking Shareholders' approval for the Proposed Share Consolidation, the Directors may decide not to proceed with the Proposed Share Consolidation if the Directors are of the view that, after taking into account all relevant factors, it is not beneficial to the Company and its Shareholders to do so. In such a case, an announcement will be made by the Company to notify Shareholders of the reasons why the Directors have decided not to proceed with the Proposed Share Consolidation.

3.3 Updating of the Register of Members and the Depository Register

If Shareholders at the EGM approve the Proposed Share Consolidation, the Shareholders' entitlements to the Consolidated Shares will be determined on the Books Closure Date, based on their shareholdings as at 5.00pm on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders upon completion of the Proposed Share Consolidation, and the Consolidated Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

(a) Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the Existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Books Closure Date. After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**").

Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver such share certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., located at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, for cancellation and issue of New Share Certificates in replacement thereof as described below.

(b) Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Books Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar for the receipt of the Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders, at their own risk, within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members of the Company.

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

(c) Share Certificates Not Valid for Settlement of Trades on SGX-ST

Shareholders are reminded that their physical share certificates are not valid for settlement of trading in the Shares on the Mainboard of the SGX-ST, as the Company is under a book-entry (scripless) settlement system, but will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates

will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

3.4 Trading Arrangements for the Shares

Subject to the approval of the Shareholders for the Proposed Share Consolidation at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, ten (10) Existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion after consulting the Company's legal or financial advisers with regards to the shareholders' rights, deem fit in the interests of the Company, including aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

3.5 Trading Arrangements for Odd Lots of Consolidated Shares

The Existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the completion of the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of the Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares).

Upon obtaining the approval from the SGX-ST for the setting up of a temporary odd lot counter to trade in board lots of one Consolidated Share ("**Temporary Odd-Lot Counter**"), Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade on the Temporary Odd-Lot Counter may do so for a period of two (2) months from the listing of the Consolidated Shares (from 6 May 2015 to 6 July 2015, both dates inclusive). Thereafter, Shareholders can trade in odd lots with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one board lot of the underlying shares in the not a ready market. The market for trading of such odd lots of Consolidated Shares may be illiquid.

3.6 Financial Effects of the Proposed Share Consolidation

(a) Assumptions

The financial effects of the Proposed Share Consolidation set out below are purely for illustrative purposes and do not reflect the future actual financial results or positions of the Company and/or the Group. The financial effects of the Proposed Share Consolidation are prepared based on the audited consolidated financial statements of the Group for FY2014, the issuance of 20,000,000 shares in January 2015.

(b) Share Capital

The effects of the completion of the Proposed Share Consolidation on the issued and paid-up share capital of the Company as at the Latest Practicable Date are follows:

	Before the completion of the Proposed Share Consolidation	After the completion of the Proposed Share Consolidation
Issued and paid-up share S\$'000	49,169	49,169
(excluding 10,000,000 treasury shares)		

(c) NTA per Share

The effects of the completion of the Proposed Share Consolidation on NTA of the Company as at the Latest Practicable Date are follows:

	Before the completion of the Proposed Share Consolidation	After the completion of the Proposed Share Consolidation
NTA (S\$'000)	46,845	46,845
Number of Shares	271,196,667	27,119,659
NTA per Share (cents)	17.3	172.7

(d) Earnings per Share

The effects of the completion of the Proposed Share Consolidation on EPS of the Company as at the Latest Practicable Date are follows:

	Before the completion of the Proposed Share Consolidation	After the completion of the Proposed Share Consolidation
Net loss after tax (S\$'000)	(7,893)	(7,893)
Weighted average number of Shares	253,339,524	25,333,952
EPS per Share (cents)	(3.1)	(31.2)

(e) Gearing

The completion of the Proposed Share Consolidation will not affect the gearing of the Company and of the Group.

The proforma analysis above has been prepared solely for illustrative purposes only and does not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and the Group immediately after the completion of the Proposed Share Consolidation.

4. THE PROPOSED INTERNAL RESTRUCTURING

- 4.1 The Company will enter into the Business Transfer Agreement and the SPA for Property with AEICS, a wholly-owned subsidiary of the Company which was incorporated on 3 March 2015 and which has not undertaken any business activity since its incorporation, after the passing of resolutions by the Shareholders at the EGM approving the transactions contemplated by the Business Transfer Agreement and the SPA for Property.
- 4.2 Pursuant to the terms of the SPA for Property, the Company will sell and AEICS or its nominee being a wholly-owned subsidiary of the Company will purchase the Property. Pursuant to the terms of the Business Transfer Agreement, the Company will sell and AEICS will purchase the Business and the Assets. Under the Business Transfer Agreement,
- (a) the “**Assets**” comprise equipment, stocks, other receivables and payables, 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 and as described in clause 2.2 of the Business Transfer Agreement;
 - (b) the “**Business**” means the business of producing precision extruded profiles and a range of other precision metal components in order to meet its customers’ stringent requirements; and
 - (c) the “**Excluded Assets**” refers to all the statutory books and statutory records of the Company; the book debts and other debts of the Company together with all cheques, bills, notes and securities receivable for the same; trade receivables; the benefit of all business claims; any amounts recoverable by the Company in respect of taxation paid or payable by the Company in connection with matters or events occurring on or before completion; and all cash in hand or at the bank.

After the completion of the Proposed Internal Restructuring, the Company will retain the Excluded Assets and hold shares as an investment holding company.

4.3 Shareholders’ approval required for the Proposed Internal Restructuring

Section 160 of the Companies Act provides, amongst others, that the Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company’s undertaking or property unless these proposals have been approved by the Company in general meeting. As the Proposed Internal Restructuring would constitute a disposal by the Company of the whole of its Business to its wholly-owned subsidiaries, the approval of Shareholders will be required.

In the event that the terms in the Business Transfer Agreement and the SPA for Property deviate from the terms found in this Letter, the Company will re-seek a fresh approval for the Proposed Internal Restructuring from the Shareholders.

4.4 Rationale for the Proposed Internal Restructuring

The purpose of the Proposed Internal Restructuring is to streamline the businesses within the Company and its group of subsidiaries and to manage the Group’s business and financing risks by creating distinct business units within the Group. Each business unit with its distinct business focus, specific business and finance risks will be better managed and contained within its unit. Furthermore, the centralised fund management will enable us to better focus and provide more effective management on the specific needs and risk of each business unit and enhance accountability within the Group.

The Company is currently not under any pressure from its banker and/or creditors to repay borrowings and/or debts owing by the Company.

4.5 Purchase Consideration

The consideration for the sale of Business and Assets, and the Property shall be the sum of S\$13,420,146 and

S\$5,831,200 respectively. The consideration sums are based on the book value recorded in the Company’s book as of 31 December 2014. The considerations shall be satisfied by AEICS making an allotment of a total of 19,251,346 shares of S\$1 each to the Company or its nominee of the ordinary shares in the issued capital of AEICS (each credited as fully paid up) (“**AEICS Shares**”). Such AEICS Shares shall rank *pari passu* with the other existing ordinary shares in the share capital of AEICS and shall carry the right to receive in full all dividends declared, made or paid after the Completion Date.

4.6 Conditions Precedent to the Proposed Internal Restructuring

The Business Transfer Agreement stipulates that the following are conditions precedent to completion of the sale of the Business and Assets:

- (a) the passing of a resolution by the Shareholders at the EGM approving the transactions contemplated by the Business Transfer Agreement; and
- (b) the Company and AEICS having obtained all necessary consents, approvals and waivers required, including without limitation from the relevant authorities in Singapore (if any), for the sale and transfer of the Business and Assets to AEICS, and such consents, approvals and waivers not having been amended or revoked before Completion, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to AEICS.

The Business Transfer Agreement shall automatically terminate if any of the above conditions precedent has not been fulfilled or waived, as relevant, by 30 June 2015.

The SPA for Property stipulates that the following are conditions precedent to completion of the Proposed Internal Restructuring:

- (a) the passing of a resolution by the Shareholders at the EGM approving the transactions contemplated by the SPA for Property;
- (b) the title of the Property being in order and free from any Encumbrance (as defined in the SPA for Property);
- (c) JTC Corporation, being the lessor of the Property, having approved or consented to the sale of the Property by the Company to AEICS; and
- (d) the passing of a resolution by the shareholder of AEICS approving the transactions contemplated by the SPA for Property.

In the event that the conditions precedent to the SPA for Property are not satisfied, AEICS may rescind the SPA for Property by giving prior written notice to the Company and upon such notice being issued, the SPA for Property shall become null and void and of no further effect whatsoever.

4.7 Right to terminate the SPA for Property

Under Clause 12 of the SPA for Property, either the Company or AEICS shall be entitled to terminate the SPA for Property at any time by serving a notice in writing to the other party. Following such termination, the SPA for Property shall be null and void and neither party shall have any claim against the other save for any antecedent breaches. In the event that the SPA for Property is terminated, the transfer of Property will not form part of the Proposed Internal Restructuring.

4.8 Relevant Figures Computed Pursuant to Rule 1006 of the Listing Manual

The relative figures for the Proposed Internal Group Restructuring (the “Relative Figures”) computed on the bases of assessment pursuant to Rule 1006 (a) to (e) of the Listing Manual are set out below, based on the latest audited announced consolidated accounts of the Group for the year ended 31 December 2014:

Rule	Bases	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	29.0% ⁽¹⁾
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	(15.6)% ⁽²⁾
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	52.0% ⁽³⁾
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Note:

- (1) The net asset value of the asset to be disposed of, based on the latest announced audited accounts of the Group for the year ended 31 December 2014 prior to the date of the Business Transfer Agreement and the SPA for Property, is approximately S\$13 million. The audited Group net asset value as at the financial period ended 31 December 2014 is approximately S\$46 million.
- (2) The net profit before tax and minority interest attributable to the assets disposed of for the financial period ended 31 December 2014, being the latest announced audited profit and loss accounts prior to the date of the Business Transfer Agreement and the SPA for Property, is approximately S\$1.3 million. The audited net loss before tax and minority interest attributable to the Group for the financial period ended 31 December 2014 is approximately S\$8.2 million.
- (3) The aggregate value of the consideration for the Proposed Internal Restructuring is equivalent to S\$13 million. The market capitalisation of the Company as at 20 March 2015 (being the Latest Practicable Day since the Business Transfer Agreement and the SPA for Property are yet to be executed by the Company and AEICS) is S\$25.79 million.
- (4) No equity securities are being issued by the Company as consideration for the disposal of assets.

As the relative figures computed on the basis set out in Rule 1006(a), (b) and (c) of the Listing Manual exceed 20%, the Proposed Internal Group Restructuring constitutes a major transaction pursuant to Rule 1014 of the Listing Manual. However, the Proposed Internal Restructuring involves the Company and its wholly-owned subsidiaries and there will not be any third parties involved. As such, there will be no net gains or losses and no excess or deficit over the book value at the Group level (apart from transactional costs such as professional fees), as well as no significant impact on the net asset value of the Group, as a result of the Proposed Internal Restructuring.

4.9 Financial effects of the Proposed Internal Restructuring

Under the Proposed Internal Restructuring, the Business and Assets, and the Property are being transferred to wholly-owned subsidiaries of the Company. As there is no change in the ultimate ownership of the Business and Assets, and the Property by the Group under the Proposed Internal Restructuring, it is not necessary to present financial effects of the Proposed Internal Restructuring.

4.10 Interest of Directors and Controlling Shareholder

None of the Directors or controlling shareholder of the Company (other than in their capacity as directors or shareholders of the Company) has any interests (direct or indirect) in the Proposed Internal Restructuring.

4.11 No Service Contracts

No person will be appointed as director of the Company in connection with the Proposed Internal Restructuring and no service contracts in relation thereto will be entered into by the Company.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on information in the Register of Directors' Shareholdings and Register of Substantial Shareholders as at the Latest Practicable Date, the interests of our Directors and Substantial Shareholders as at the Latest Practicable Date were as follows:

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Tan Chu En Ian	3,200,000	1.18	37,092,079	13.68	40,292,079	14.86
Sinta Muchtar	-	-	81,771,314 ^{(2) (3) (4)}	30.15	81,771,314	30.15
Yeung Koon Sang alias David Yeung	100,000	0.04	-	-	100,000	0.04
Dr. Vasoo Sushilan	100,000	0.04	-	-	100,000	0.04
Teng Cheong Kwee	100,000	0.04	-	-	100,000	0.04
Substantial Shareholders						
DB Nominees (Singapore) Pte Ltd	20,000,000	7.37	-	-	20,000,000	7.37
Lauw & Sons Holdings Pte Ltd	41,479,235	15.29	-	-	41,479,235	15.29
Treadstone Holdings Pte Ltd ⁽⁵⁾	28,092,079	10.36	9,000,000	3.32	37,092,079	13.68
Holders of less than 5% who are related to Directors or Substantial Shareholders						
	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 271,196,667 Shares excluding treasury shares as at the Latest Practicable Date.
- (2) Mr Tan Chu En Ian and Madam Sinta Muchtar each own 50% of the issued share capital of Treadstone Holdings Pte Ltd. They are therefore deemed interested in the 37,092,079 Shares held by Treadstone Holdings Pte Ltd.
- (3) Madam Sinta Muchtar owns 12.5% of the issued share capital of Lauw & Sons Holdings Pte Ltd and is deemed interested in the 41,479,235 Shares held by Lauw & Sons Holdings Pte Ltd.
- (4) Madam Sinta Muchtar is the spouse of Mr Tan Chu En Ian and is deemed interested in the 3,200,000 Shares held by Mr Tan Chu En Ian.
- (5) Treadstone Holdings Pte Ltd also has a beneficial interest in 9,000,000 Shares held by DBS Nominees Pte Ltd.

6. DETAILS OF SHARES PURCHASED BY THE COMPANY IN THE PREVIOUS 12 MONTHS

The Company has not made any share purchase in the previous 12 months.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder who is unable to attend the AGM and wishes to appoint a proxy or proxies to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 12 Penjuru Lane, Jurong Town Industrial Estate, Singapore 609192, not less than 48 hours before the time fixed for the AGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the AGM if he subsequently wishes to do so.

8. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate, the Proposed Share Consolidation and the Proposed Internal Restructuring will be in the interests of the Company. Accordingly, save for Mr Tan Chu En Ian and Madam Sinta Muchtar, who are abstaining from recommending Shareholders to vote in favour of the resolutions to approve the proposed renewal of the Share Buy-Back Mandate, the Directors recommend that Shareholders vote in favour of the ordinary Resolutions relating to the proposed renewal of Share Buy-Back Mandate, the Proposed Share Consolidation and the Proposed Internal Restructuring.

Shareholders are advised to read this Letter in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his bank manager, stockbroker, solicitor, accountant or other professional adviser.

9. ABSTENTION FROM VOTING

The Concert Parties as well as parties acting in concert with them will abstain from voting, whether by representative or proxy, on the resolution to approve the renewal of the Share Buy-Back Mandate.

Mr Tan Chu En Ian and Madam Sinta Muchtar will not accept nominations as proxy or otherwise vote at the AGM in respect of the renewal of the Share Buy-Back Mandate unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the

Share Buy-Back Mandate, the Proposed Share Consolidation and the Proposed Internal Restructuring. The Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 12 Penjuru Lane, Jurong Town Industrial Estate, Singapore 609192 during normal office hours for 3 months from the date of this Letter:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Annual Report of the Company for the financial year ended 31 December 2014;
- (c) a copy of the final draft Business Transfer Agreement; and
- (d) a copy of the final draft SPA for Property.

Yours faithfully
For and on behalf of
the Board of Directors of
AEI CORPORATION LTD.

Tan Chu En Ian
Executive Director and Chief Executive Officer

AEI CORPORATION LTD.

(Company Registration No. 198300506G)
(Incorporated in Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

All capitalised terms in this Notice of Extraordinary General Meeting and defined in the letter to shareholders dated 10 April 2015 (the “Letter to Shareholders”) shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the Letter to Shareholders.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of AEI Corporation Ltd. (the “**Company**”) will be held at 12 Penjuru Lane, Jurong Town Industrial Estate, Singapore 609192 on 27 April 2015 at 10 a.m. (or immediately after the conclusion of the annual general meeting to be held on 27 April 2015 at 9 a.m.) for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolutions:-

ORDINARY RESOLUTION 1:

THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

That with effect from the date to be determined by the directors of the Company (“**Directors**”) and pursuant to the Articles of Association of the Company, approval be and is hereby given:

- (a) with effect from the Effective Trading Date, for the proposed consolidation of every ten (10) Existing Shares in the capital of the Company held by Shareholders as at the Books Closure Date into one (1) Consolidated Share in the manner set out in the Letter to Shareholders dated 10 April 2015;
- (b) with effect from the Effective Trading Date, for the Directors to disregard any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above, and for all fractions of Consolidated Shares to which holders of the Existing Shares would otherwise be entitled to, be dealt with in such manner as the Directors may, in their absolute discretion after consulting the Company’s legal or financial advisers with regards to the shareholders’ rights, deem fit in the interest of the Company;
- (c) for the Directors to be authorised to fix the Books Closure Date and the date on which the Shares will trade on the Main Board in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and
- (d) for the Directors and each of them to be and is hereby authorised and empowered to complete and do and execute all such things and acts (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they or he may think necessary, desirable or expedient to give effect to this Resolution and the Proposed Share Consolidation, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

ORDINARY RESOLUTION 2:

THE PROPOSED INTERNAL RESTRUCTURING OF THE COMPANY INVOLVING TRANSFERS OF BUSINESS, ASSETS AND PROPERTY FROM THE COMPANY TO WHOLLY-OWNED SUBSIDIARIES

That approval be and is hereby given:

- (a) for the Proposed Internal Restructuring involving transfers of business, assets and property from the Company to wholly-owned subsidiaries; and
- (b) for the Directors and each of them to be authorised and empowered to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Internal Restructuring and/or any part of this ordinary resolution; with full power to assent to any conditions, modifications, revaluations, variations including but not limited to any amendments as may be required by any relevant authority/authorities or persons.

By Order of the Board

Ngiam Zee Moey
Foo Soon Soo
Company Secretaries
10 April 2015

Notes:

(1) A Shareholder entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

(2) If the appointer is a corporation, the instrument appointing a proxy must be under seal or the hand of its duly authorised officer or attorney.

(3) The instrument appointing a proxy must be deposited at the Company’s Registered Office not less than forty-eight (48) hours before the time set for the Extraordinary General Meeting or any postponement or adjournment thereof.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a shareholder (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

AEI CORPORATION LTD.

(Incorporated in the Republic of Singapore)
Co. Registration No. 198300506G

EXTRAORDINARY GENERAL MEETING

PROXY FORM

IMPORTANT
 1. For investors who have used their CPF monies to buy AEI CORPORATION LTD. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent solely FOR INFORMATION ONLY.
 2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
 3. CPF investors who wish to attend the Extraordinary General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We,(Name)

of(Address)

being *a member/members of AEI CORPORATION LTD. (the “**Company**”), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy	
			No. of Shares	%
*and/or				

or failing him/her/them*, the Chairman of the Extraordinary General Meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting of the Company to be held at 12 Penjuru Lane, Jurong Town Industrial Estate, Singapore 609192 on Monday, 27 April 2015 at 10:00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9:00 a.m. on the same day and at the same place).

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Extraordinary General Meeting as indicated with an “√” in the spaces provided hereunder. If no specified directions as to voting are given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote “For” or “Against” with a tick [√] within the box provided.)

No.	Ordinary Resolutions	For	Against
1.	To approve the proposed share consolidation of every ten (10) existing issued ordinary shares into one (1) ordinary share in the capital of the Company.		
2.	To approve the proposed internal restructuring of the Company.		

Dated this _____ day of _____ 2015.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

- NOTES:**1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
- Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be on alternate the first named or at the Company’s option to treat the instrument of proxy as invalid.
 - This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised in writing or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 - A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
 - The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 12 Penjuru Lane, Jurong Town Industrial Estate, Singapore 609192 not later than 48 hours before the time set for the Extraordinary General Meeting.
 - A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
 - The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Extraordinary General Meeting as certified by The Central Depository (Pte) Limited to the Company.
 - A Depositor shall not be regarded as a member of the Company entitled to attend the Extraordinary General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Extraordinary General Meeting.
 - Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Extraordinary General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Extraordinary General Meeting.
 - Any alteration made to this proxy form must be initialed by the person who signs it.

