

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

PROPOSED PLACEMENT OF 20,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF AEI CORPORATION LTD.

1. INTRODUCTION

The Board of Directors ("**Directors**") of AEI Corporation Ltd. ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that the Company has on 22 December 2014 entered into a placement agreement ("**Placement Agreement**") with Well Global Investments (Singapore) Pte. Limited ("**Placee**"), who has, subject to and upon the terms of the Placement Agreement, agreed to subscribe for a total of 20,000,000 new ordinary shares ("**Placement Shares**") in the capital of the Company at a price of S\$0.13 per Placement Share ("**Placement Price**").

The Company will be making an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Placement Shares on the SGX-ST and will make the necessary announcements once the approval in-principal of the listing and quotation of the Placement Shares has been obtained from the SGX-ST.

2. SHAREHOLDERS MANDATE

The Placement Shares will be allotted and issued pursuant to the general share mandate obtained from the shareholders of the Company, by way of ordinary resolution, at the annual general meeting of the Company held on 28 April 2014 ("**General Mandate**"). Pursuant to the General Mandate, the Company proposes to issue the Placement Shares by way of a private placement ("**Placement**") in Singapore pursuant to section 272B of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), at an issue price of S\$0.13 for each Placement Share ("**Issue Price**").

3. TERMS OF THE PLACEMENT

The Placement Price represents a premium of approximately 8.33% to the volume weighted average price of S\$0.12 per Share (as defined below) for trades done on the Shares for the full market day on the SGX-ST on 22 December 2014 (being the market day on which the Placement Agreement was executed wherein ordinary shares in the capital of the Company (the "**Shares**") were traded).

The Placement Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank pari passu in all respects with and carry all rights similar to the existing issued Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Placement.

The Placement is transacted on a willing-buyer-willing-seller basis.

4. CONDITIONS PRECEDENT

The Placement is subject to certain conditions, *inter alia*, the receipt of the listing and quotation notice from the SGX-ST for the admission to, quotation and dealing of the Placement Shares on the SGX-ST, and where such listing and quotation notice is subject to conditions, such conditions being acceptable to the Company and the Placee; and to the extent that any such conditions are required to be fulfilled before the completion of the Placement, they are so fulfilled.

5. FINANCIAL EFFECTS

As at the date of this announcement, the Company has an issued and paid-up share capital of S\$46,464,850 divided into 251,196,667 Shares (excluding 10,000,000 treasury shares) in the capital of the Company. Upon the allotment and issuance of 20,000,000 Placement Shares, the Company will have an enlarged issued share capital of approximately S\$49.06 million divided into 271,196,667 Shares (excluding 10,000,000 treasury shares). Such number of Placement Shares would represent approximately 7.7% of the number of Shares of the Company as at the date of this announcement and approximately 7.1% of the enlarged number of Shares of the Company after the Placement.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (“FY2013”) and the ordinary share capital of the Company as at the date of this announcement, the net asset value per Share and the basic earnings per Share is approximately S\$0.222 and S\$0.008, respectively. The net asset value per Share and the basic earnings per Share, after adjusting for the issuance of all the Placement Shares, would be approximately S\$0.215 and S\$0.007, respectively. The adjusted earnings per Share of the Group is computed assuming that the Placement was completed at the beginning of FY2013 and does not take into account the effects of the use of proceeds from the Placement on the earnings of the Group.

6. INFORMATION ON THE PLACEE

The Placee, Well Global Investments (Singapore) Pte. Limited, a company incorporated under the laws of Singapore on 29 May 2007, is an investment holding company and is also the joint venture partner of the Company in the shares of Global Tongyi (Singapore) Pte. Ltd. (“**Global Tongyi**”).

The Company identified and approached the Placee for the Placement. Through the joint venture between the Company and the Placee in Global Tongyi, the Company has formed a good and strategic working relationship with the Placee. The Placement is transacted on a willing-buyer-willing-seller basis. The Placee has represented to the Company that it is subscribing for the Placement Shares purely for the purposes of investment.

As at the date of this announcement, the Placee has a total issued share capital of S\$5,000,002 comprising 50,000,020 ordinary shares, which are held by Ho Pong Chong, Lee Kim Choo, Lily Lee and Genesis Investment Corporation. The directors of the Placee are Ho Pong Chong, Chua Leong Hin and Lily Lee.

Global Tongyi, a company incorporated in Singapore on 9 November 2007, is an investment holding company and is also principally engaged in the trading and distribution of edible oil and other agricultural produce. As at the date of this announcement, Global Tongyi has a total issued share capital of S\$7,650,000 comprising 80,000,000 ordinary shares, which are equally held by the Company’s wholly-owned Subsidiary, AEI (China) Holdings Pte. Ltd. (“**AEI China**”) and the

Placee.

Global Tongyi wholly owns Well Global Food (Anyang) Pte. Ltd. ("**Well Global Anyang**"). Global Tongyi and Well Global Anyang are associated companies of the Group.

Save as stated above, the Placee has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Listing Manual.

7. PURPOSE OF THE PLACEMENT AND USE OF PROCEEDS

The estimated net proceeds (the "**Net Proceeds**") from the Proposed Placement, after deducting estimated expenses, will amount to approximately S\$2.6 million.

The Company intends to utilise 100% of the Net Proceeds to finance the Group's investment opportunities or acquisitions of other businesses or companies synergistic to the Group's operations and competence as and when these arise. Save as previously announced, the Company has not, as at the date of this announcement, committed to any particular investment or acquisition as the case may be.

Pending the intended use of the net proceeds as aforesaid, the funds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

The Company will make periodic announcements on the utilisation of the proceeds from the Placement, as the funds from the Placement are materially disbursed and provide a status report on the use of the proceeds from the Placement in the Company's annual report.

8. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts and opinions expressed in this announcement are accurate and fair in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

9. GENERAL

The Placement Shares will not be issued to transfer a controlling interest of the Company and none of the Placement Shares will be placed to any of the persons set out as restricted persons under Rule 812(1) of the Listing Manual of the SGX-ST.

None of the Directors or substantial shareholders of the Company have any interest, whether direct or indirect, in the Placement.

The Directors are of the opinion that, after taking into consideration the Group's present level of credit facilities provided by its financial institutions, the Group's internal source of funds and the resources available to the Group, the working capital available to the Group is sufficient to meet the Group's present requirements.

In view of the Placement, the shareholders of the Company and potential investors should exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

The Company will make the necessary announcements once the listing and quotation notice for the Placement Shares has been received from the SGX-ST.

BY ORDER OF THE BOARD

Ngiam Zee Moey
Company Secretary

22 December 2014