

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

- (I) **S\$50,000,000 SUBSCRIPTION AGREEMENT – THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 62,500,000 SHARES AT AN ISSUE PRICE OF S\$0.80 PER SHARE**
 - **SUPPLEMENTAL AGREEMENT**
 - **RECEIPT OF APPROVAL-IN-PRINCIPLE FROM SGX-ST**

 - (II) **PROPOSED BONUS ISSUE OF UP TO 27,119,659 FREE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$1.00 FOR EACH NEW SHARE AND ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE**
 - **RECEIPT OF APPROVAL-IN-PRINCIPLE FROM SGX-ST**
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Capitalised terms used herein shall have the definitions ascribed to them in the Subscription Announcement, unless otherwise stated or the context otherwise requires.

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of AEI Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on 8 August 2017 (“**Subscription Announcement**”) in relation to the Proposed Subscription and the Proposed Bonus Warrants Issue.

2. APPROVAL-IN-PRINCIPLE FROM THE SGX-ST

The Board wishes to announce that the Company has, on 10 November 2017, obtained the in-principle approval (“**Approval-in-principle**”) from the Singapore Exchange Regulation Pte Ltd (“**SGX-ST**”) in respect of the listing and quotation of:

- (a) 28,750,000 new Shares (“**Tranche 1 Subscription Shares**”) to be issued to the Subscriber at an issue price of S\$0.80 per Tranche 1 Subscription Share for an aggregate subscription amount of S\$23,000,000;
- (b) up to 9,375,000 new Shares (“**Tranche 2 Subscription Shares**”) to be issued to the Subscriber at an issue price of S\$0.80 per Tranche 2 Subscription Share for a maximum subscription amount of S\$7,500,000;
- (c) up to 24,375,000 new Shares (“**Option Shares**”) to be issued to the Subscriber at an issue price of S\$0.80 per Option Share for a maximum subscription amount of S\$19,500,000,

(collectively, Tranche 1 Subscription Shares, Tranche 2 Subscription Shares and Option Shares, referred as “**Subscription Shares**”);

- (d) up to 1,875,000 new Shares ("**Introducer Shares**") to be issued to the Introducer at an issue price of S\$0.80, amounting to 3.0% of the total value of the Tranche 1 Subscription Amount, Maximum Tranche 2 Subscription Amount and Maximum Option Shares Subscription Amount, equivalent to up to S\$1,500,000;
- (e) up to 27,119,659 free warrants ("**Warrants**"), with each Warrant carrying the right to subscribe for one (1) new Share ("**Warrant Share**") at an exercise price of S\$1.00 for each Warrant Share and on the basis of one (1) free Warrant for every one (1) existing Share held by the Shareholders as at the books closure date ("**Proposed Bonus Warrants Issue**"); and
- (f) up to 27,119,659 new Shares arising from the exercise of the Warrants.

The Approval-in-principle is subject to the key conditions set out in [Appendix A](#).

Please note that the Approval-in-principle is not to be taken as an indication of the merits of the Proposed Subscription, the Proposed Bonus Warrants Issue, the Subscription Shares, the Introducer Shares, the Warrants, the Warrant Shares, the Group, the Company and/or its subsidiaries.

3. **AMENDMENTS TO THE SUBSCRIPTION AGREEMENT**

As announced in the Subscription Announcement, the Option Exercise Period in respect of the Option Shares is a thirty-six (36) month period commencing from the Tranche 1 Completion Date. To equalise the interest of Shareholders and the Subscriber in the event of certain changes in the share capital of the Company during the Option Exercise Period, the Company has on, 10 November 2017, entered into a supplemental agreement to the Subscription Agreement ("**Supplemental Agreement**") with the Subscriber pursuant to which:

- (a) the issue price and/or number of Option Shares to be issued shall be subject to adjustments under certain circumstances set out in the Supplemental Agreement ("**Adjustment Events**"); and
- (b) following such adjustments under paragraph (a) above, the issue price and/or the number of Introducer Shares to be issued in connection with the Option Shares ("**Option Introducer Shares**") shall be adjusted such that:
 - (i) the issue price of the Option Introducer Shares shall be equal to the adjusted issue price of the Option Shares; and
 - (ii) the number of Option Introducer Shares shall be equal to 3.0% of the adjusted number of Option Shares.

For further details of the Adjustment Events, please refer to [Appendix B](#) of this Announcement.

4. **CIRCULAR**

A notice of extraordinary general meeting of Shareholders to approve, *inter alia*, the Proposed Subscription and the Proposed Bonus Warrants Issue, together with the Circular containing details of the Proposed Subscription and Proposed Bonus Warrants Issue, recommendations of the Directors and the independent financial adviser to the Company in relation to the Proposed Subscription, will be issued in due course. Shareholders are advised to refrain from

taking any action in relation to their shares, which may be prejudicial to their interests until they have considered the information and the recommendations set out in the Circular.

5. FURTHER INFORMATION

A copy of the Supplemental Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.

6. TRADING CAUTION

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

7. RESPONSIBILITY STATEMENT

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

By Order of the Board

Tan Chu En Ian
Executive Director and Chief Executive Officer

10 November 2017

APPENDIX A

KEY CONDITIONS OF THE APPROVAL-IN-PRINCIPLE OF SGX-ST

The SGX-ST's Approval-in-principle is subject to, *inter alia*, the following key conditions:

- (a) Compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Proposed Subscription, Proposed Bonus Warrants Issue and the Whitewash Resolution;
- (c) The Company shall not make any acquisition from the fund substantial investors or their associates within 12 months following the completion of the Tranche 1 Subscription Shares issue unless the RTO requirements under the Listing Rule 1015 are complied with;
- (d) The Company shall consult the SGX-ST on any acquisitions entered into the next 12 months following completion of the Tranche 1 Subscription Shares issue and the SGX-ST may require the Company to comply with one or more of the following conditions:
 - (i) Target Company to be profitable;
 - (ii) Target Company to be in healthy financial position;
 - (iii) An independent valuation to be commissioned on the Target Company;
 - (iv) Moratorium of at least 6 months on the shareholdings of the controlling shareholders.
- (e) The Company and China Capital Impetus Asset Management Pte. Ltd. (the "**Fund Manager**") undertaking to comply with the requirements in Chapter 9 of the Listing Manual for any transactions or agreements to be entered into by the Company or any entity at risk with the fund substantial investors or their associates, the subscriber and its associates and the Fund Manager will abstain from voting on the proposal;
- (f) The Company is required to seek specific shareholders' approval for:
 - (i) Its first acquisition of business or asset in a new business segment if any of the relative thresholds under Listing Rule 1006 exceeds 20%; or
 - (ii) Acquisitions of businesses or assets in a new business segment which, on a cumulative basis, exceeds 20% of any of the thresholds under Listing Rule 1006.
- (g) Submission of the following documents in relation to the Proposed Subscription Shares Issue:-
 - (i) A written undertaking from the Company that it will comply with Listing Rules 704(30) and 1207(20) in relation to the use of the proceeds from the Proposed Subscription and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
 - (ii) A written undertaking from the Company that it will comply with Listing Rule 803;

- (iii) A written confirmation from the Company that it will not issue the Subscription Shares and Introducer Shares to persons prohibited under Rule 812(1) of the Listing Manual; and
 - (iv) A written undertaking from the Company that Listing Rules 803 and 812 will be complied with.
- (h) Submission of the following documents in relation to the Proposed Option Shares and Proposed Bonus Warrants Issue:-
- (i) Announcement of the conditions under which the exercise price of the Option Shares and/or Warrants may be adjusted;
 - (ii) A written undertaking from the Company that it will comply with Listing Rule 803;
 - (iii) A written undertaking from the Company that it will comply with Listing Rule 704(30) and Listing Rule 1207(20) in relation to the use of proceeds from the Shares and Warrants Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
 - (iv) A written undertaking from the Company that there is a satisfactory spread of warrant holders to provide an orderly market for the Warrants in compliance with Listing Rule 826;
 - (v) A written confirmation from the Company that the terms of Warrants and Options comply with Listing Rule 829(1);
 - (vi) A written undertaking from the Company to announce any adjustments made to the terms of the Warrants or Options made pursuant to Listing Rule 829(1); and
 - (vii) A written undertaking from the Company that it will comply with Listing Rule 831 for the Options and Warrants.

APPENDIX B

ADJUSTMENT EVENTS

1. The issue price and/or the number of Option Shares to be issued is subject to adjustments in the event the Company undertakes, *inter alia*, the following:

- (a) capitalisation of profits or reserves;
- (b) capital distribution;
- (c) rights issue;
- (d) an issue (other than pursuant to a rights issue in (iii) above, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the total effective consideration (as defined below) for each Share is less than 90% of the last dealt price for each Share; or
- (e) consolidation, subdivision or conversion of Shares.

Notwithstanding the above, no adjustment to the issue price and/or number of Option Shares to be issued will be required in respect of:

- (i) any approved employment share schemes;
 - (ii) issuance of Shares in consideration for or in connection with the acquisition of any other securities, assets or business;
 - (iii) exercise of any convertible securities previously issued by the Company (including the Warrants);
 - (iv) issuance of any securities convertible into Shares or rights to acquire or subscribe for Shares and issuance of Shares arising from the conversion or exercise of such securities or rights, issued subsequent to the issue of the Option Shares;
 - (v) any share purchase scheme approved by the Shareholders; and
 - (vi) the allotment and issue of new Shares pursuant to the Proposed Subscription (including allotment and issue of the Introducer Shares).
2. Where there are any adjustments to the issue price and/or the number of Option Shares, the number of Option Introducer Share to be issued to the Introducer shall be adjusted in the following manner:
- (a) the issue price of the Option Introducer Shares shall be adjusted to be identical to the adjusted issue price of the Option Shares; and
 - (b) the number of Option Introducer Shares shall be adjusted such that it is equivalent to 3.0% of the adjusted number of Option Shares.