

**PROPOSED SALE OF 12 PENJURU LANE
– GRANT OF WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL**

Unless otherwise stated, all capitalised terms used in this announcement shall have the meanings ascribed to them in the Previous Announcements (as defined below).

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 Company’s announcements dated 30 December 2019, 15 June 2020 and 28 August 2020 in relation to the Proposed Sale of the Property (the “**Previous Announcements**”).

2. APPROVAL OF WAIVER APPLICATION

2.1. The Company had on 25 June 2020 submitted an application to the SGX-ST to seek a waiver from having to comply with Rule 1014(2) of the Listing Manual to seek the approval of the Company’s shareholders (“**Shareholders**”) in respect of the Proposed Sale (the “**Waiver**”).

2.2. The Company wishes to announce that it had, on 27 August 2020, received a letter from the SGX-ST informing the Company that the SGX-ST has no objection to the Company’s application for the Waiver, subject to the following conditions (the “**Waiver Conditions**”):

- (a) The Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- (b) Submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors’ decision which has yet to be announced by the Company;
- (c) The Waiver is not and will not be in contravention of any laws and regulations governing the Company and its constitution;
- (d) The Board’s confirmation that the Waiver will not be in contravention of any laws and regulations governing the Company and its constitution; and
- (e) Confirmation that none of the Directors and/or controlling shareholders have any interest in the Proposed Sale.

The SGX-ST reserves the right to amend and/or vary its decision relating to the Waiver and such decision is subject to changes in the SGX-ST’s policies.

3. REASONS FOR SEEKING THE WAIVER

3.1. The Company sought the Waiver for the following reasons:

- (a) The Property being disposed of is a non-core asset that is no longer used by the Group and not generating any income since January 2017;

The Property is a non-core asset of the Group that is not being used for the business of the Group. As stated in the Previous Announcements, the Property has been left vacant and non-operational since January 2017 following the Group's relocation of its manufacturing/extrusion activities to its Tuas South factory. As a result, the Property has not been used for generating any income for the Group since January 2017. The Proposed Sale will therefore not affect the existing operations and business of the Group.

The directors of the Company are also of the opinion that the Proposed Sale will not materially change the risk profile of the Group given that (a) the Proposed Sale will not result in a reduction of the Group's net asset value, (b) the Proposed Sale will not have a significant adverse impact on the Group's gearing, and (c) the Property is not generating revenue.

In addition, the Company is required to pay land rent, taxes, and other fees levied by government authorities in relation to the Property, which amount to approximately S\$705,520 annually. The Proposed Sale would enable the Group to stem the losses arising from such unnecessary costs for an asset which does not generate revenue for the Group.

- (b) The Proposed Sale will result in a net gain on disposal of S\$17,190,000 and the Purchase Price payable to the Group exceeds the independent valuation; and

Based on the valuation report dated 16 January 2020 ("**Valuation Report**") prepared by RHT Valuation Pte. Ltd. (the "**Valuer**") in respect of the Property, the open market value of the Property, with vacant possession and free from encumbrances, is S\$18,000,000. The Purchase Price of S\$19,000,000 exceeds the independent valuation conducted by the Valuer.

As stated in the Previous Announcements, the Purchase Price also represents a premium of approximately S\$17,190,000 over the book value of the Property of approximately S\$1,810,000 as at 30 June 2019.

The Proposed Sale also enables the Company to dispose of a non-performing asset and free up financial resources. As stated in the Previous Announcements, the Group intends to utilise the proceeds from the Proposed Sale to strengthen the financial position of the Group and to facilitate the funding of the Group's overall plans in diversifying into new businesses to enhance long term value for Shareholders.

- (c) MGF, an existing substantial shareholder of the Company, has undertaken to hold at least such percentage of shares in the capital of the Company ("**Shares**") to pass any resolution to approve the Proposed Sale (the "**Resolution(s)**") and vote in favor of the **Resolution(s)**.

MGF, a substantial Shareholder of the Company that holds 28,878,400 Shares representing approximately 52.77% of the total number of issued Shares in the Company, had on 15 June 2020 provided an irrevocable undertaking ("**Irrevocable Undertaking**") to, *inter alia*:

- (i) vote all of the existing Shares held by it in favor of any Resolution(s) at any general meeting (“**EGM**”) of the Company; and
- (ii) not on or before the date of the EGM, sell, transfer or otherwise dispose of, any of the existing Shares held by it or any interest therein such that the percentage of issued Shares in the capital of the Company held by it shall not at any time be less than or below the requisite percentage required to pass the Resolution(s).

The Irrevocable Undertaking provided by MGF means that the passing of the Resolution(s) at any EGM is practically pre-determined. As such, the Company believes that expending time and resources on such an EGM would be unnecessary.

4. WAIVER CONDITIONS

As at the date of this announcement, not all of the Waiver Conditions have been satisfied. The Company and the Board will submit written confirmations to the SGX-ST on the matters set out in Paragraphs 2.2(b)-(e) above in due course, and will update Shareholders upon the satisfaction of all Waiver Conditions.

5. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Sale is subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Sale will be completed or that no further 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.

By Order of the Board

Sun Quan
Executive Director
31 August 2020