



TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)

(Company registration number 200007107D)

PROPOSED DISPOSAL OF 704,000 SHARES IN GLOBAL ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED

1. INTRODUCTION

The Board of Directors ("**Board**") of TEE International Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that its wholly-owned subsidiary, TEE Water Pte. Ltd. ("**TEE Water**") has today entered into a conditional sale and purchase agreement ("**SPA**") with Chartchewa Company Limited ("**Purchaser**") for the sale by TEE Water and the purchase by the Purchaser of 704,000 ordinary shares ("**Sale Shares**"), representing 44% of the total issued and paid-up capital of Global Environmental Technology Company Limited ("**GETCO**") ("**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER AND GETCO

2.1 Information on the Purchaser

The Purchaser is a private company incorporated under the laws of Thailand on 5 August 1997 and is principally involved in real estate development and infrastructure investment.

The Purchaser is an independent third party unrelated to any of the Directors and Controlling Shareholders (as defined in the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) of the Group.

2.2 Information on GETCO

GETCO is an associated company of the Company and was incorporated in Thailand on 21 July 1999. It is one of Thailand's largest waste water treatment companies, with a total capacity of 350 million litres per day, serving commercial, industrial, business and residential communities. As at the date of this Announcement, the total paid-up capital of GETCO is THB160,000,000, comprising 1,600,000 ordinary shares. Based on the unaudited consolidated financial statements of the Group for the half year ended 30 November 2020, the net tangible asset value of all Shares in the Company's accounts is approximately S\$9.73 million. As the shares of GETCO are not publicly listed on any stock exchange, there is no available open market value of the Sale Shares.

Subsequent to the Proposed Disposal, the shareholding of TEE Water in GETCO will be reduced from 49% to 5% and accordingly, GETCO will cease to be an associated company of the Company following Completion (as defined herein).

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration

Under the terms of the SPA, the Company shall sell and the Purchaser shall purchase the Sale Shares at a consideration of THB113.53 per Sale Share. The aggregate consideration for the Sale Shares is accordingly THB79,925,120 (equivalent to S\$3.52 million)¹ ("**Consideration**"), payable in full in cash by the Purchaser in accordance with the terms of the SPA.

The Consideration was negotiated between the parties at arm's length and arrived at on a willing buyer-willing seller basis, taking into account, amongst other things, the net tangible asset value of GETCO, the past financial performance of GETCO (including its net profit of THB 0.8 million and net loss of THB12 million for the financial years ended 31 December 2018 and 31 December 2019, respectively), the prospects and challenges of GETCO in the waste water treatment industry, as well as the limited resources of the Group and its intention to focus on its businesses in Singapore (further details of which are set out in paragraph 4 of this Announcement below).

3.2 Completion

Completion of the Proposed Disposal is expected to take place on 22 January 2021 ("**Closing Date**"), subject to all Conditions (as defined below) of the SPA have been fulfilled (or waived in accordance with the SPA) ("**Completion**").

3.3 Conditions Precedent

Completion is subject to the following conditions precedent ("**Conditions**") being fulfilled (or, where applicable, waived in accordance with the SPA):

- (a) the warranties set out in the SPA being true and accurate at the date of the SPA and Agreement and being true and accurate, in all material respects, on the Closing Date; and
- (b) TEE Water having obtained all relevant corporate approvals (including board and shareholders approvals of TEE Water) and regulatory approvals (including the SGX-ST) and requirements with respect to the sale of the Sale Shares.

3.4 Termination

The SPA may be terminated in the event of any material breach or default by either Party of any of its obligations, covenants and undertakings under the SPA or the operation of the laws of Thailand, Singapore and/or any other jurisdiction that prohibits or obstructs (i) the performance of any material obligations of either of the parties provided in this Agreement, or (ii) the sale or purchase of the Sale Shares.

¹ Based on an exchange rate of S\$0.04403 : THB1.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Taking into account challenging industry developments, and adopting a pro-active approach towards managing its business divisions, assets and investments, the Company considers it an opportune time to realise its investment in GETCO in order to realise valuable cash proceeds to partially fund the Company's proposed acquisition of the entire issued and paid-capital of TEE Industrial Pte. Ltd.. The Proposed Disposal provides an opportunity for the Company to accomplish the aforementioned realisation of investment in GETCO and also allow the Group to focus on its engineering and construction, and waste management businesses.

Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company and the Shareholders, having regard to the terms of the Proposed Disposal.

5. USE OF PROCEEDS AND LOSS ON THE PROPOSED DISPOSAL

The proceeds from the Proposed Disposal of S\$3.52 million, after deducting estimated costs and expenses of S\$0.05 million, is approximately S\$3.47 million ("**Net Sale Proceeds**"). The Company intends to use the Net Sale Proceeds to partially fund the Company's proposed acquisition of the entire issued and paid-capital capital of TEE Industrial Pte. Ltd. (further details of which are set out in the Company's announcements of 3 February 2020, 18 March 2020, 30 June 2020, 30 July 2020, 29 September 2020 and 30 December 2020).

Based on the Group's unaudited consolidated financial statements for the half year ended 30 November 2020, the book value attributable to the Sale Shares is approximately S\$4.28 million. Assuming that the Proposed Disposal had been completed on 30 November 2020, the Proposed Disposal would have resulted in an accounting loss of approximately S\$1.07 million at the Group level and S\$1.02 million at the Company level as the Proposed Disposal is undertaken at a discount to the net asset value of the Sale Shares (amounting to S\$4.28 million as at 30 November 2020).

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed pursuant to Rule 1006 of the Listing Manual in respect of the Proposed Disposal are set out below:

Bases in Rule 1006	Size of Relative Figure
(a) Net asset value of Sale Shares (S\$4.28 million), compared with the Group's net asset value as at 30 November 2020 (S\$22.67 million)	18.9%
(b) Net profit ⁽¹⁾ of S\$0.30 million attributable to the Sale Shares, compared with the Group's net profit ⁽¹⁾ as at 30 November 2020 of S\$2.04 million	14.9%
(c) Aggregate value of the consideration received from the Proposed Disposal compared with the Group's market capitalisation of S\$20.7 million ⁽²⁾	17.0%
(d) Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in the issue	N.A. ⁽³⁾
(e) Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A. ⁽⁴⁾

Notes:

- (1) "Net profit" means profit including discontinued operations that have not been disposed before income tax and non-controlling interests.
- (2) The Company's market capitalisation is determined by multiplying the number of ordinary shares in the capital of the Company ("**Shares**") in issue (being 646,882,476 Shares (excluding 1,270,400 treasury shares)) by the volume-weighted average price of the Shares (being S\$0.032 transacted on 13 January 2021 (being the last Market Day on which Shares were traded preceding the date of the SPA).
- (3) This is not applicable as the Proposed Disposal does not involve any issuance of consideration shares.
- (4) This is not applicable as the Company is not a mineral, oil and gas company.

As one or more of the relative figures above exceeds 5% but is not more than 20%, the Proposed Disposal is considered a discloseable transaction under Chapter 10 of the Listing Manual.

7. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Disposal are for illustrative purposes only and the pro forma financial effects have been prepared based on audited consolidated financial statements of the Group for the financial year ended 31 May 2020 ("**FY2020**"), being the most recently completed financial year, and on the following key bases and assumptions:

- (a) for the purposes of illustrating the financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per Share of the Group, it is assumed that the Proposed Disposal had been completed on 31 May 2020;
- (b) for the purposes of illustrating the financial effects of the Proposed Disposal on the Loss per Share ("**LPS**") of the Group, it is assumed that the Proposed Disposal had been completed on 1 June 2019;
- (c) the NTA per Share is computed based on the 646,882,476 Shares (excluding 1,270,400 treasury shares) in issue as at 31 May 2020, and the LPS of the Group is computed based on the weighted average number of 646,882,476 Shares (excluding 1,270,400 treasury shares) Shares in issue for FY2020; and
- (d) transaction costs in relation to the Proposed Disposal amount to approximately S\$0.05 million.

For the avoidance of doubt, these pro forma financial effects do not take into account (i) any corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 June 2020.

NTA

	Before the Proposed Disposal	After the Proposed Disposal
<i>NTA attributable to the Shareholders (S\$ million)</i>	22.167	21.096
<i>NTA per Share (cents)</i>	3.43	3.26

LPS

	Before the Proposed Disposal	After the Proposed Disposal
<i>Loss attributable to the Shareholders (S\$ million)</i>	59.554	59,481
<i>LPS (cents)</i>	9.21	9.20

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company, if any).

The Directors have not received any notification of interest in the Proposed Disposal from any controlling shareholders of the Company and their respective associates, and are not aware of any controlling shareholders of the Company and their respective associates which has any interests, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company).

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the Company's registered office at 25 Bukit Batok Street 22, TEE Building, Singapore 659591 for a period of three (3) months from the date of this announcement.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and, where appropriate, no material facts have been omitted, the omission of which would make any statement in this announcement misleading and they hereby collectively and individually accept full responsibility.

Where any information in this announcement has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders are advised to exercise caution in trading their shares in the Company as there is no certainty or assurance that the Proposed Disposal will be consummated. The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Saw Chin Choo
Executive Director
14 January 2021