



**TEE LAND LIMITED**

(Incorporated in Singapore with limited liability)  
(Company registration number 200007107D)

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**MANDATORY UNCONDITIONAL CASH OFFER FOR SHARES OF THE COMPANY  
AND ANCILLARY AGREEMENTS**

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**I. FIRM OFFER ANNOUNCEMENT**

The Company refers to its announcement dated 13 January 2020 in relation to the receipt of the pre-conditional mandatory cash offer for the Shares of the Company ("**Previous Announcement**"). All capitalised terms, unless otherwise defined, shall have the meanings ascribed in the Previous Announcement.

The Offeror has today released its Firm Offer Announcement, a copy of which is available at [www.sgx.com](http://www.sgx.com). Further information on the Offer will be set out in the Offer Document, which will be despatched by the Offeror to Shareholders not earlier than 14 days and not later than 21 days from the date of the Firm Offer Announcement.

The Offer is made following completion of sale of 282,777,678 Shares by TEE International and 24,593,590 Shares by Phua Chian Kin to the Offeror ("**Completion**"). TEE International has therefore ceased to hold any Shares in the Company and the Offeror has become the new controlling Shareholder.

The Company has today appointed Provenance Capital Pte. Ltd. as the IFA to advise the Independent Directors for the purposes of the Offer, TEE Industrial Disposal, New Lease and Transitional Services Agreement. The Offeree Circular will be sent to Shareholders within 14 days from the date of the despatch of the Offer Document.

**Shareholders are advised to exercise caution when dealing with their Shares and to refrain from taking any action in respect of their Shares which may be prejudicial to their interests, until they or their advisers have considered the information and the recommendation of the Independent Directors, as well as the advice of the IFA set out in the Offeree Circular to be despatched in due course.**

**II. ANCILLARY AGREEMENTS**

In conjunction with the Completion, the Company has entered or will enter (as the case may be) into the following ancillary agreements with TEE International.

(A) TEE Industrial SPA

The Company has entered into the TEE Industrial SPA with TEE International for the sale of the entire issued and paid-up share capital of TEE Industrial held by the Company ("**Sale Share**") to TEE International.

TEE Industrial currently owns a 6-storey industrial property with an aggregate gross floor area of 5,164 square meters located at 25 Bukit Batok Street 22, Singapore 659591, which is known as TEE Building. Other than ownership and leasing of TEE Building, TEE Industrial does not have any other business. Based on the valuation report by Jones Lang LaSalle Property Consultants Pte. Ltd. ("**JLL**") that was commissioned by the Company dated 11 December 2019, the market value of TEE Building as at 30 November 2019 was S\$21.50 million ("**TEE Building Valuation**"). The TEE Building Valuation was made using the direct comparison method and income capitalisation method.

Based on the management accounts, as at 30 November 2019, TEE Industrial, after taking into account, *inter alia*, the TEE Building Valuation, an outstanding mortgage loan of approximately S\$15.78 million ("**Mortgage Loan**") and outstanding payables of approximately S\$9.23 million owing to the Company, was in a negative net asset position of approximately S\$0.88 million. Based on the unaudited consolidated financial statements of the Group for the six months ended 30 November 2019, the cost of investment attributable to the Sale Share in the

Company's accounts was S\$1. There is no available open market value of the Sale Share as TEE Industrial is a wholly-owned subsidiary of the Company.

In view of TEE Industrial's negative net asset position, the Company will dispose of TEE Industrial to TEE International for a nominal amount of S\$1. In addition, pursuant to the TEE Industrial SPA, on completion of the TEE Industrial Disposal ("**Disposal Completion**"), TEE International will repay or procure the repayment of all outstanding payables owing by TEE Industrial to the Company as at Disposal Completion less the negative net asset value of TEE Industrial, based on its latest management accounts immediately prior to the Disposal Completion (taking into account, *inter alia*, the TEE Building Valuation). The extent of the amount to be deducted as the negative net asset value shall not exceed S\$1.0 million. On the basis of the foregoing and based on the management accounts as at 30 November 2019, the Group will receive cash of approximately S\$8.35 million upon Disposal Completion, comprising S\$1 for the Sale Share and settlement of outstanding payables of approximately S\$9.23 million, less negative net asset position of approximately S\$0.88 million.

TEE Industrial Disposal is conditional on, *inter alia*: (a) approval of shareholders of TEE International and the Company; (b) discharge by TEE International (whether by refinancing or full repayment of all outstanding amounts) of the Mortgage Loan; and (c) the IFA opining that the terms of TEE Industrial Disposal are fair and reasonable pursuant to Rule 10 of the Singapore Code on Takeovers and Mergers ("**Code**"). Disposal Completion is expected to take place within five business days after the date on which all conditions are fulfilled.

The Company is undertaking the TEE Industrial Disposal as the TEE Industrial Disposal will help strengthen the financial position of the Group, and reduce its leverage. The Group will also have more flexibility to redeploy its resources to other property development projects and for working capital purposes. In addition, the existing lease for TEE Building is entered into by TEE Industrial with JTC Corporation as the head lessor of the land on which TEE Building is located, the terms of which includes a condition that TEE International is required to hold not less than 51% interest in TEE Industrial. Following Completion, TEE International will cease to hold any Shares in the Company and accordingly, TEE Industrial has sought and JTC Corporation has provided TEE Industrial a grace period of up to 30 July 2020 to complete the TEE Industrial Disposal to TEE International. TEE International has also provided an irrevocable undertaking to the Offeror and the Company that it will comply with all of the obligations of TEE Industrial specified by JTC Corporation in connection with the Proposed Disposal and the TEE Industrial Disposal.

Based on the Group's unaudited consolidated financial statements for the six months ended 30 November 2019, the book value attributable to the Sale Share is a negative net asset position of approximately S\$0.88 million. Assuming that the TEE Industrial Disposal had been completed on 30 November 2019, the TEE Industrial Disposal would have resulted in an accounting loss of approximately S\$0.23 million at the Company level. The accounting loss at the Group level from the TEE Industrial Disposal is insignificant.

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

<u>Bases in Rule 1006</u>	<u>Size of Relative Figure</u>
(a) Net asset value of the Sale Share of (S\$0.88 million), compared with the Group's net asset value as at 30 November 2019 of S\$112.29 million	(0.8)%
(b) Net loss <sup>(1)</sup> of S\$0.18 million attributable to the Sale Share, compared with the Group's net loss <sup>(1)</sup> for the six months period ended 30 November 2019 of S\$8.09 million	2.2%
(c) Aggregate consideration <sup>(2)</sup> of S\$24.13 million as compared with the Group's market capitalisation of S\$77.71 million <sup>(3)</sup>	31.1%
(d) Number of equity securities issued by the Company as consideration for the TEE Industrial Disposal, compared with the number of equity securities previously in the issue	N.A. <sup>(4)</sup>
(e) Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A. <sup>(5)</sup>

Notes:

- (1) Net loss means loss before income tax, minority interests and extraordinary items.
- (2) For the purpose of Rule 1006(c), the aggregate consideration is S\$24.13 million comprising S\$1 for the Sale Share, settlement of outstanding payables of approximately S\$9.23 million and Mortgage Loan of S\$15.78 million, less negative net asset position of approximately S\$0.88 million based on the management accounts as at 30 November 2019.
- (3) The Company's market capitalisation is determined by multiplying the number of Shares in issue (being 446,876,000 Shares (excluding treasury shares)) by the volume-weighted average price of the Shares (being S\$0.1739 transacted on 29 January 2020 (being the last Market Day on which Shares were traded preceding the date of the TEE Industrial SPA).
- (4) This is not applicable as the TEE Industrial Disposal does not involve any issuance of consideration shares.
- (5) This is not applicable as the Company is not a mineral, oil and gas company.

As one or more of the relative figures above are more than 20%, TEE Industrial Disposal is considered a major transaction under Chapter 10 of the Listing Manual and will be subject to, amongst others, the approval of Shareholders at an extraordinary general meeting to be convened.

A circular containing further details of, *inter alia*, TEE Industrial Disposal ("**Circular**"), together with a notice of the extraordinary general meeting of the Company to be convened will be despatched to Shareholders in due course.

The following pro forma financial effects of the TEE Industrial Disposal are for illustrative purposes only and have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 May 2019 ("**FY2019**"), 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 TEE Industrial Disposal on the net tangible assets ("**NTA**") per Share of the Group, it is assumed that the TEE Industrial Disposal had been completed on 31 May 2019;
- (b) for the purposes of illustrating the financial effects of the TEE Industrial Disposal on the Loss per Share ("**LPS**") of the Group, it is assumed that the TEE Industrial Disposal had been completed on 1 June 2018;
- (c) the NTA per Share is computed based on the 446,876,000 Shares (excluding treasury Shares) in issue as at 31 May 2019, and the LPS of the Group is computed based on the weighted average number of 446,876,000 Shares (excluding treasury Shares) in issue for FY2019; and
- (d) transaction costs in relation to the TEE Industrial Disposal are assumed to be insignificant.

NTA

	<u>Before TEE Industrial Disposal</u>	<u>After TEE Industrial Disposal</u>
NTA attributable to the Shareholders (S\$ million)	121.292	121.292 <sup>(Note)</sup>
NTA per Share (cents)	27.14	27.14

LPS

	<u>Before TEE Industrial Disposal</u>	<u>After TEE Industrial Disposal</u>
Loss attributable to the Shareholders (S\$ million)	23.84	23.42 <sup>(Note)</sup>
LPS (cents)	5.33	5.24

**Note:**

Does not take into account the fair value loss of S\$500,000 which was recorded by TEE Industrial for the six months ended 30 November 2019.

(B) Transitional Services Agreement

The Company has further entered into the Transitional Services Agreement with TEE International for TEE International to provide certain transitional services, to minimise immediate disruptions to the Company's operations subsequent to Completion.

These services include, *inter alia*, (a) IT/technology services such as server storage, networks/Internet/emails, software support (including for accounting/payroll), trouble shootings, IT miscellaneous support, (b) human resources services such as payroll, recruitment, consultancy, personal data protection, (c) general administration services such as cleaning, reception, courier services, telephone system administration, and (d) migration services through the development and implementation of a plan to transition the foregoing transition services from being provided by TEE International to the Company (or as the Company may arrange) including providing resources, sharing of information/technical know-how as well as testing of IT systems and troubleshooting.

The services rendered under the Transitional Services Agreement will be charged at cost and the Transitional Services Agreement is for an initial period of six months, with an option to extend for a further six months, and is conditional on the IFA opining that the terms are fair and reasonable pursuant to Rule 10 of the Code.

(C) Lease Extensions and New Lease

Subject to and on Disposal Completion, the Company and TEE Industrial will enter into the New Lease for an area of approximately 8,052.8 square feet in TEE Building for S\$17,716.16 per month ("**Rental Rate**"). The Rental Rate was derived from the market rental of S\$2.20 per square foot per month as concluded in the rental valuation report by Suntec Real Estate Consultants Pte Ltd ("**SREC**") dated 27 December 2019 commissioned by the Company. In arriving at its opinion, SREC had taken into consideration the rental rates of similar properties in the vicinity and made the necessary comparison and adjustments before arriving at the Rental Rate. The New Lease will have an initial term of six months with an option to renew for a further term of six months.

The New Lease will help minimise disruptions to the Company's operations subsequent to the TEE Industrial Disposal, and is subject to the IFA opining that the terms are fair and reasonable pursuant to Rule 10 of the Code.

Pending the New Lease coming into effect, the Lease Extensions (as defined in the Previous Announcement) which will expire on 29 February 2020, will continue to be extended up to and including the date of the Disposal Completion.

### **III. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors and their respective associates has any interest, direct or indirect, in the TEE Industrial Disposal, New Lease, Lease Extensions and Transitional Services Agreement (other than through their respective shareholding interests in the Company, if any).

The Directors have not received any notification of interest in the aforesaid transactions 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 TEE Industrial Disposal, New Lease, Lease Extensions and Transitional Services Agreement (other than through their respective shareholding interests in the Company).

### **IV. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the TEE Industrial Disposal, the Transitional Services Agreement, the Lease Extensions and/or the New Lease. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### **V. DOCUMENTS FOR INSPECTION**

Copies of the TEE Industrial SPA, New Lease, Lease Extensions, Transitional Services Agreement, valuation report by JLL in relation to TEE Building dated 11 December 2019 and valuation report by SREC in relation to the Rental Rate dated 27 December 2019 are available for inspection at the Company's registered office at 25

Bukit Batok Street 22, TEE Building, Singapore 659591 for a period of three months from the date of this announcement.

## **VI. 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.

## **BY ORDER OF THE BOARD**

Ng Tah Wee  
Financial Controller and Company Secretary  
3 February 2020