**TEE INTERNATIONAL LIMITED**
(Incorporated in the Republic of Singapore with limited liability)
(Company Registration No. 200007107D)

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**THE PROPOSED SHARE CONSOLIDATION AND THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE**

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## 1 INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Tee International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to its announcements on

(a) 18 August 2022 in relation to the entry into a conditional subscription agreement (the "**Subscription Agreement**") between the Company and Meta5 Pte. Ltd. (the "**Subscriber**") for the (i) the subscription by the Subscriber of S$7,500,000 in new ordinary shares in the Company; and (ii) the grant of S$7,500,000 in principal amount of unlisted and non-transferable share options to the Subscriber by the Company, on the terms and conditions of the Subscription Agreement (the "**Proposed Subscriber Transactions**");

(b) 9 January 2023 in relation to the entry into a non-binding term sheet with the Subscriber in view of obtaining the funding required to complete the Subscription Agreement and expediting the progress of the restructuring exercise;

(c) 20 January 2023 in relation to the entry into a loan agreement and a supplemental agreement to the Subscription Agreement with the Subscriber; and

(d) 24 February 2023 in relation to the proposed scheme of arrangement by the Company (the "**Proposed Scheme of Arrangement**"),

collectively the "**Previous Announcements**".

*Unless otherwise defined, capitalised terms used herein shall have the meanings ascribed to them in the relevant Previous Announcements.*

1.2 The Board wishes to announce that in conjunction with the Proposed Subscriber Transactions, the Proposed Issue of Settlement Shares pursuant to the Proposed Scheme of Arrangement, the Proposed Issue of Management Reward Shares and the Proposed Issue of RSM Shares (collectively, the "**Proposed Transactions**"):

(a) subject to and to be completed together with the Proposed Transactions, the Company is proposing to undertake a share consolidation of every 50 ordinary shares ("**Shares**") of the Company (including treasury shares) as at the Share Consolidation Books Closure Date (as defined below) into one (1) ordinary share (the "**Consolidated Shares**"), with any fractional entitlements to be rounded up to the nearest whole Consolidated Share (the "**Proposed Share Consolidation**"); and

(b) subject to and conditional upon the completion of the Proposed Transactions and the Proposed Share Consolidation, the Company is proposing to undertake a renounceable non-underwritten rights issue to raise proceeds of approximately S$3.5 million, on the basis of 13 new ordinary Shares (the "**Rights Shares**") to be issued at an issue price being the Subscription Price (as adjusted accordingly for the Proposed Share Consolidation), for every two (2) existing shares (on a consolidated basis) that the Entitled Shareholders (as defined below) are entitled to based on their shareholdings in the Company as at the Rights Issue

Books Closure Date (as defined below), fractional entitlements to be disregarded (the "**Proposed Rights Issue**").

## 2 THE PROPOSED SHARE CONSOLIDATION

### 2.1 Overview of the Proposed Share Consolidation

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting to be held (the "EGM"), the Register of Members and the transfer books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares at a time and date (to be determined and announced by the Company) (the "**Share Consolidation Books Closure Date**"). With effect from 9.00 a.m. on the Market Day immediately following the Share Consolidation Books Closure Date, every 50 Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share, with any fractional entitlements to be rounded up to the nearest whole Consolidated Share

Each Consolidated Share will rank *pari passu* with each other, except that the Consolidated Shares which are held as treasury shares by the Company will be subject to the provisions of the Companies Act on treasury shares. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

**Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Share Consolidation Books Closure Date for the Proposed Share Consolidation, will be rounded up to the nearest whole Consolidated Share.**

### 2.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is to be undertaken in connection with the Proposed Subscriber Transactions, the Proposed Scheme of Arrangement, the Proposed Issue of Management Reward Shares and the Proposed Issue of RSM Shares so as to satisfy the lowest possible trading price on the Mainboard of the SGX-ST of S$0.001.

The proposed consolidation ratio of 50:1 was also derived having taken into consideration:

**(a) Increase in market interest and attractiveness of the Company and the Consolidated Shares**

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding[1]. It is expected that, all other things being equal, the theoretical trading price and NTA of each Consolidated Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation would be higher than the last traded price and NTA of each existing Share.

In addition, the Proposed Share Consolidation may facilitate corporate actions and also increase market interest and activity in the Consolidated Shares, and generally make the Consolidated Shares more attractive to investors, including institutional investors and coverage of the Company amongst research houses and fund managers, thus providing a more diverse shareholder base, liquidity and exposure for strong corporate brand value.

**(b) Potential reduction of fluctuation in magnitude of the Company's market capitalisation and reduction of percentage transaction cost for trading in each board lot of Consolidated Shares**

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price,

[1] For the avoidance of doubt, given that the Proposed Share Consolidation will be completed after the allotment and issue of the Subscription Shares, Options, Management Reward Shares and RSM Shares, each of these aforementioned securities will be subject to the Proposed Share Consolidation, and will be adjusted accordingly.

for each board lot of shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation, which may result in excessive share price volatility.

The Board therefore believes that the Proposed Share Consolidation may serve to (i) reduce the volatility of its share price and reduce fluctuations in the Company's market capitalisation, and (ii) reduce the percentage transaction cost for trading in each board lot of Shares. Eventually, this will help to enhance trading liquidity of the Shares.

**Shareholders should note however that there can be no assurance that the Proposed Share Consolidation will achieve the aforesaid desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

2.3 Conditions of the Proposed Share Consolidation

The implementation of the Proposed Share Consolidation is subject to, *inter alia*:

(a) the approval of Shareholders for, *inter alia*, the Proposed Share Consolidation at the EGM; and

(b) the Company obtaining the in-principle approval of the SGX-ST for the listing and quotation of the Consolidated Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Share Consolidation.

2.4 Further information

Subject to the outcome of the Company's Application (as defined below), further information on the Proposed Share Consolidation will be provided to the Shareholders.

## 3 THE PROPOSED RIGHTS ISSUE

3.1 Overview of the Proposed Rights Issue

The Proposed Rights Issue is intended to be undertaken after the completion of the Proposed Subscriber Transactions, the Proposed Debt Restructuring, the Proposed Issue of Management Reward Shares, the Proposed Issue of RSM Shares and the Proposed Share Consolidation.

Under the Proposed Rights Issue, each Entitled Shareholder will be entitled to 13 Rights Shares for every two (2) existing shares (on a consolidated basis) held by such Entitled Shareholder, based on its shareholding in the Company as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded.

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the offer information statement (an "**Offer Information Statement**") to be lodged with the Monetary Authority of Singapore ("**MAS**") and despatched by the Company to Entitled Shareholders in due course.

3.2 Rationale for the Proposed Rights Issue

In connection with the Proposed Subscriber Transactions and pursuant to the Subscription Agreement, the Company had undertaken to the Subscriber, *inter alia*, to undertake the Proposed Rights Issue.

In addition, the Proposed Rights Issue will provide the existing shareholders of the Company (the "**Existing Shareholders**")[2] an opportunity to subscribe for Rights Shares at a subscription price which will be the same issue price as the Subscription Shares, as adjusted for the Proposed Share Consolidation) and therefore they will be able to participate in the Group going forward. The

[2] For the avoidance of doubt, the Existing Shareholders will not comprise the new shareholders which are to be allotted and issued the Subscription Shares, the Settlement Shares, the Management Reward Shares and the RSM Shares (as the case may be), pursuant to the Proposed Transactions.

undertaking by the Undertaking Shareholder (as defined below) is also an indication of the confidence in the Group's business pursuant to the completion of the Proposed Subscriber Transactions and the Proposed Debt Restructuring. Further, the proceeds raised from the Proposed Rights Issue will be utilised by the Group to fund the working capital for the Pro Forma Group (including mortgage loan instalments and operating expenses of the Pro Forma Group) and the potential growth of the business of the Pro Forma Group and new business opportunities.

3.3 Rights Issue Books Closure Date

The "**Rights Issue Books Closure Date**" shall be such time and date to be determined by the Directors at and on which, subject to the approval of Shareholders for the Proposed Rights Issue being obtained at the EGM, the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Proposed Rights Issue.

Subject to the outcome of the Company's Application, further information on the Rights Issue Books Closure Date will be provided to the Shareholders.

3.4 Entitled Shareholders

Entitled Shareholders comprise:

(a) Existing Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with The Central Depository (Pte) Limited (the "**CDP**") are in Singapore as at the Rights Issue Books Closure Date or who have, at least three (3) market days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents; and

(b) Existing Shareholders whose share certificates have not been deposited with the CDP and who have tendered to the share registrar of the Company (the "**Share Registrar**") valid transfers of their Shares and the certificates thereto for registration up to the Rights Issue Books Closure Date and whose registered addresses with the Company are in Singapore as at the Rights Issue Books Closure Date or who have, at least three (3) market days prior to the Rights Issue Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

3.5 Irrevocable Undertaking

The Company's majority shareholder, Tramore Global Limited (the "**Undertaking Shareholder Entity**"), has a direct interest in 345,378,471 Shares (the "**Initial Shares**"), representing approximately 53.4% of the existing share capital, as at the date of this announcement. To show support for the Proposed Rights Issue and to demonstrate commitment to and confidence in the Company, the Undertaking Shareholder Entity had on 23 February 2023 given an irrevocable undertaking (the "**Irrevocable Undertaking**") pursuant to which it has unconditionally and irrevocably undertaken to the Company, *inter alia*, (a) cast all of its votes in favour of the resolutions in relation to the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue; (b) subscribe and pay for all of its entitlements to the Rights Shares under the Proposed Rights Issue; and (c) subscribe and pay for all additional Rights Shares which have not been subscribed for by other Entitled Shareholders pursuant to their entitlements under the Proposed Rights Issue.

3.6 Use of Proceeds

The estimated net proceeds arising from the allotment and issue of the Rights Shares, after deducting estimated expenses incurred in connection with the Proposed Rights Issue of approximately S$0.17 million, will be approximately S$3.36 million. Such net proceeds are to be used by the Group to fund the working capital for the Pro Forma Group (including mortgage loan instalments and operating expenses of the Pro Forma Group) and the potential growth of the business of the Pro Forma Group and new business opportunities.

3.7 Conditions

Shareholders should note that the Proposed Rights Issue is subject to, *inter alia*, the following conditions:

(a) the Company obtaining the in-principle approval of the SGX-ST for the listing and quotation of the Rights Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;

(b) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents, with the MAS; and

(c) the resolutions in relation to the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue being approved by the Shareholders at the EGM.

3.8 Further information

Subject to the outcome of the Company's Application, further information on the Proposed Share Consolidation will be provided to the Shareholders.

## 4 UPDATE ON THE RESUMPTION PROPOSAL

As announced on 27 February 2023, the Company received a no-objection letter from the SGX-ST in relation to its application for extension of time to 30 April 2023, to submit a proposal for the resumption of trading in its securities (the "**Resumption Proposal**").

In relation thereto, the Company will be submitting to the SGX-ST on or about the date of this announcement, an application including its Resumption Proposal and various waivers and confirmations to be sought for the transactions contemplated by the Company, the additional listing application in relation to the Subscription Shares, Option Shares, Settlement Shares, Management Reward Shares, RSM Shares, Consolidated Shares and the Rights Shares and such other required documentation, for review and approval by the SGX-ST (the "**Application**").

## 5 EGM AND CIRCULAR TO SHAREHOLDERS

Subject to the outcome of the Company's Application, the Board will be convening the EGM to seek shareholders' approval for the Proposed Share Consolidation and the Proposed Rights Issue. The circular containing further details of, *inter alia*, the Proposed Share Consolidation and the Proposed Rights Issue, together with the notice of the EGM in connection therewith, will be issued to Shareholders in due course.

## 6 FURTHER INFORMATION

Subject to the outcome of the Company's Application, further information will be provided by the Company in relation to the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue (including but not limited to the issue price and the issue size of the Subscription Shares, the Options, the Option Shares, the Management Reward Shares, the RSM Shares and the Rights Shares, the percentage allocation of the use of the net proceeds from the relevant corporate transactions, and the financial effects of the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue, and the resultant shareholding composition of the Company), as and when appropriate.

## 7 CAUTIONARY STATEMENT

Shareholders should note that the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue remain subject to, amongst others, the fulfilment of the relevant conditions precedent. There is no certainty or assurance that the conditions precedent for the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue can be fulfilled or that the Proposed Transactions, the Proposed Share Consolidation and the Proposed Rights Issue will be undertaken at all. Although the Shares are under suspension, shareholders, securityholders and the Subscriber are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the Shares and securities of the Company. Shareholders, securityholders, and the Subscriber should consult their stockbrokers,

bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their Shares or securities of the Company.

By Order of the Board

Phua Cher Chuan
Group Chief Executive and Managing Director
31 March 2023