**TEE INTERNATIONAL LIMITED**
(Incorporated in Singapore with limited liability)
(Company registration number 200007107D

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**SALE AND PURCHASE AGREEMENT WITH SEMBCORP ENVIRONMENT PTE. LTD. - PROPOSED ACQUISITION OF BIOHAZARDOUS WASTE, CYTOTOXIC WASTE AND PHARMACEUTICAL WASTE TREATMENT BUSINESS**

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## I. INTRODUCTION

The Company's wholly-owned subsidiary, TEE Infrastructure Private Limited ("**TEE Infrastructure**") has today, together with Dymon Asia Capital (Singapore) Pte. Ltd.'s private equity arm ("**Dymon Asia PE**"), through their newly incorporated joint venture company, TEE Medical Services Pte. Ltd. ("**Purchaser**"), entered into a sale and purchase agreement ("**SPA**") to acquire the biohazardous waste, cytotoxic waste and pharmaceutical waste treatment business ("**Medical Waste Treatment Business**") from SembCorp Environment Pte. Ltd., a wholly-owned subsidiary of Sembcorp Industries Limited ("**Acquisition**").

The Purchaser is equally held by TEE Infrastructure and Dymon Asia Private Equity (S.E. Asia) Fund II Pte. Ltd.'s wholly-owned subsidiary Asia Enviro Services Ltd. The principal activities of the Purchaser are to engage in treatment and disposal of waste with a share capital of S$200. The subscription of 100 ordinary shares for S$100 in the Purchaser by TEE Infrastructure was funded through internal resources and is not expected to have any material impact on the net tangible assets or earnings per share of the Company and its subsidiaries ("**Group**") for the financial year ending 31 May 2018.

Dymon Asia PE invests in companies in the mid-market space, or Small and Medium Enterprises (SME), across Southeast Asia. Investments are tailored to the needs of the companies with a strong focus on meeting long-term objectives.

## II. CONSIDERATION

The aggregate consideration payable for the Medical Waste Treatment Business is S$20,000,000 ("**Consideration**"), and completion is expected to take place on or about 30 June 2018, upon fulfilment of customary conditions precedent, including the receipt of relevant approvals, licences, permits, consents and undertakings from the authorities and/or third parties by the Purchaser.

The Consideration was determined on a willing-buyer-willing-seller basis after arms' length negotiations, taking into account the historical financial performance and prospects of the Medical Waste Treatment Business.

The amount payable by each joint venture party on completion for its respective 50% stake of the Acquisition will be S$10,000,000.

## III. MEDICAL WASTE TREATMENT BUSINESS

The Medical Waste Treatment Business has been in operations since 1989 and is operated by a specialised team comprising around 20 individuals, with an efficient fleet of waste collection vehicles and two state-of-the-art incinerations plants. It is involved in the collection, transportation, incineration and disposal of biohazardous waste, cytotoxic waste and pharmaceutical waste, and provides its services to more than 1,000 customers in the private and public sectors in Singapore, including hospital and polyclinics.

It has achieved impressive accreditations such as ISO 9001:2008, ISO14001:2004, ISO 18001:2007, Biz Safe Star Level, Flu Pandemic Business Continuity Ready and was the recipient of Minister of Defence Award 2010. It has also been selected by the National Environmental Agency as an essential firm for the incineration of medical waste in the event of emergencies.

Based on its pro forma unaudited accounts, the Medical Waste Treatment Business made a net profit after tax of S$2,728,000 and S$2,523,000 for the financial year ended 31 December 2016 and 31 December 2017 respectively. As at 31 December 2016 and 31 December 2017, the Medical Waste Treatment Business had a net tangible asset value of S$7,121,000 and S$8,107,000 respectively.

## IV. RATIONALE

The Medical Waste Treatment Business is synergistic with the existing infrastructure business of the Group, which is currently carried out by TEE Infrastructure and focuses on investments in infrastructure assets across the region in water, power and environmental segments. It will also strategically strengthen TEE Infrastructure's service offerings and is an additional enhancement of its capability-building and positioning along its specialised value chain.

## V. FUNDING

The Company expects to fund TEE Infrastructure's proportion of the Consideration from its internal resources as well as external funding.

## VI. FINANCIAL EFFECTS

The proforma financial effects of Group after completion as set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following completion, nor a projection of the future financial performance or position of the Group after completion.

The proforma financial effects of completion are based on the Company's audited financial statements for the financial year ended 31 May ("**FY**") 2017 and the following assumptions:

(a) completion having taken place on 31 May 2017 for purposes of the financial effect on the net tangible asset value ("**NTA**") per share; and

(b) completion having taken place on 1 June 2016 for purposes of the financial effect on the loss per share.

**NTA per Share**

| | Before Completion | After Completion |
|---|---|---|
| NTA (S$'000) | 95,610 | 96,872 |
| Number of issued shares (excluding treasury shares) | 501,952,639 | 501,952,639 |
| NTA per share (Singapore cents) | 19.0 | 19.3 |

**Loss per Share**

| | Before Completion | After Completion |
|---|---|---|
| Loss attributable to owners of the Company (S$'000) | (1,569) | (307) |
| Weighted average number of ordinary shares (excluding treasury shares) | 502,361,650 | 502,361,650 |
| Loss per share (Singapore cents) | (0.31) | (0.06) |

## VII. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated of the Group for the nine months' period ended 28 February 2018 ("**9MFY2018**") are as follows:

| *Rule 1006* | | *Relative Figure* |
|---|---|---|
| *(a)* | *The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.* | Not applicable, as this is an acquisition. |
| *(b)* | *The net profits[(1)] attributable to the assets acquired or disposed of, compared with the group's net profit.* | (21.6)%<br><br>The Medical Waste Treatment Business is profitable whereas the Group is loss making for 9MFY2018.<br><br>The pro forma unaudited net profits attributable to the Medical Waste Treatment Business for the financial year ended 31 December 2017 is S$1,498,550 (50% equity interest).<br><br>The net loss of the Group for 9MFY2018 is S$6,931,000. |
| *(c)* | *The aggregate value of the consideration given or received, compared with the issuer's market capitalisation[(2)] based on the total number of issued shares excluding treasury shares.* | 10.0%<br><br>The proportion of Consideration payable by TEE Infrastructure is S$10,000,000.<br><br>The market capitalisation of the Company is S$99,888,575. |
| *(d)* | *The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.* | Not applicable, as no equity securities will be issued for the Acquisition. |
| *(e)* | *The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset.* | Not applicable, as this does not relate to mineral, oil and gas asset. |

**Notes:**

(1) "Net profits" means profit before income tax, minority interests and extraordinary items.

(2) Market capitalisation of the Company is determined by multiplying the existing number of shares in issue excluding treasury shares by the weighted average price of the Company's shares transacted on 17 May 2018, being the full market day preceding the release of this announcement.

Pursuant to Rule 1014(2) of the Listing Manual, where the proposed acquisition is of a profitable asset and the relative figure in excess of 20% relates only to Rule 1006(b) of the Listing Manual, shareholders' approval is not required for the proposed acquisition.

## VIII. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company have any interest in the proposed acquisition, save as shareholders of the Company.

## IX. CAUTIONARY STATEMENT

As completion is conditional on satisfaction of various conditions precedent, shareholders and potential investors are advised to exercise caution when trading or dealing in the shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

The Company will continue to keep shareholders updated on material developments of the Acquisition.

## X. DOCUMENT 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.

**By Order of the Board**

Yeo Ai Mei
Company Secretary
17 May 2018