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

PROPOSED DISPOSAL OF PBT ENGINEERING PTE LTD

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1. INTRODUCTION

The Board of Directors (the "**Directors**" or the "**Board**") of TEE International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that it has entered into a sale and purchase agreement (the "**SPA**") on 2 August 2022 with Chia Yoke Heng ("**Mr Chia**") and ADS Builders (1998) Pte. Ltd. ("**ADS**") (Mr Chia and ADS collectively, the "**Purchasers**"), pursuant to which the Company shall sell to the Purchasers the 15,000,000 shares comprising the 100% of the issued and paid-up share capital (the **"Shares**") of PBT Engineering Pte Ltd (the "**PBT**"), the Company's wholly-owned subsidiary, for a consideration of S$18,000 (the "**Consideration**") (the "**Disposal**").

2. INFORMATION ON PBT

PBT is a private company limited by shares and incorporated in Singapore on 2 October 1996. As at the date of this announcement, PBT has an issued and paid-up share capital of S$15,000,000 comprising 15,000,000 shares held entirely by the Company. As at the date of this announcement, PBT is a wholly-owned subsidiary of the Company and is principally engaged in the business of engineering services, building and construction services and other related activities. PBT will cease to be a subsidiary of the Company following completion of the Disposal.

3. INFORMATION ON THE PURCHASERS

Mr Chia is a member of the management team of PBT and has been involved in the management of PBT's business for 18 years. Save for the forgoing, Mr Chia is not related to the Company's Directors, controlling shareholders and their respective associates. Mr Chia is not a Director, the Chief executive Officer and/or a controlling shareholder of the Company. As such, the Disposal does not constitute an "interested person transaction" for the purposes of Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**")

ADS is an exempt private company limited by shares and incorporated in Singapore on 17 August 2017. ADS is primarily engaged in the business of general construction (building construction including major upgrading works). ADS is not related to the Company's Directors, controlling shareholders and their respective associates.

4. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

A summary of the material terms and conditions of the Disposal as set out in the SPA include, *inter alia*, the following:

4.1. Consideration

The aggregate consideration for the sale and purchase of the Shares is the sum of S$18,000. An initial deposit of S$9,000, being 50% of the Consideration, has been paid by the Purchasers to the Company upon signing of the SPA, in accordance with the terms of the SPA.

The Consideration was arrived at on a willing-buyer and willing-seller basis taking into account, amongst other things, the net tangible liability position of PBT, the past financial performance of PBT (including its net loss of S$1,645,000 and net loss of S$22,987,000 for the financial years ended 31 May 2020 and 30 September 2021, respectively), the prospects and challenges of PBT in the engineering and construction industry, as well as the limited resources of the Group and its intention to focus on its businesses in Singapore.

4.2. Conditions precedent

The completion of the Disposal is conditional upon satisfaction of the following conditions:

(a) PBT and the Purchasers having entered into a loan agreement for the Purchasers to inject cash of S$1,000,000 as a loan to the Company ("**Loan**");

(b) an irrevocable undertaking having been obtained from Tramore Global Limited, the majority shareholder of the Company, to vote in favour of any resolution in connection with and for the purposes of the Disposal;

(c) the grant of any order by the Court for a moratorium under section 64 of the Insolvency, Restructuring and Dissolution Act 2018 to PBT;

(d) the requisite board and shareholder approvals of the Company (as required) in respect of the Disposal having been obtained, and such approvals not having been withdrawn or revoked at the Closing Date (as defined below); and

(e) all necessary governmental or regulatory filings, permits, permissions, approvals or consents having been made or obtained in connection with the SPA and the transactions contemplated therein, and there being no revocation of or amendment to the same.

4.3. Completion

Subject to the fulfilment of the conditions precedent, the completion of the Disposal shall take place at the registered office address of PBT on the fourteenth day following confirmation by the Parties of the fulfilment (or waiver) of the conditions precedent and, in any event, no later than 31 December 2022 unless otherwise mutually agreed upon in writing between the parties (**"Closing Date**").

On the Closing Date, the Company shall *inter alia* deliver or make available to the Purchasers the duly executed instruments of transfer in respect of the Shares for the transfer of the Shares from the Company to the Purchasers and the Purchasers shall pay the balance of the Consideration to the Company.

5. RATIONALE

The moratorium granted by the Honourable Court to PBT in HC/OS 798/2021 (and extended on 31 March 2022) (as announced previously) expired on 1 July 2022. PBT will be undertaking a separate scheme of arrangement with its creditors for, *inter alia*, the restructuring of PBT's debts. In connection with the said scheme, PBT filed an application for moratorium relief under section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) on 3 August 2022. The grant of such a moratorium order is a condition precedent to the completion of the Disposal.

Based on PBT's unaudited statement of financial position for the half year ended 31 March 2022, PBT has total liabilities of approximately S$48,892,000 and is in a net liability position of approximately S$22,498,000, after taking into consideration of the allowance for impairment of amount due from the Company. In addition, PBT currently has several on-going projects, a majority of which are required to be completed by 31 December 2022 and have relatively significant cashflow injection requirements. In view of the Company's current financial position and cashflow constraints, there are concerns that it would be unable to support the capital and cashflow injection requirements of PBT's on-going projects. In connection with this, it is noted that the Loan (being another condition precedent to the completion of the Disposal), is intended to be used to fund PBT's debt restructuring exercise and provide PBT with the working capital required for PBT to complete its on-going projects within the stipulated project timelines.

In view of the above and taking into account the challenging industry developments and the current debt restructuring exercise of the Company and the Group, the Company believes that it is an opportune time to dispose of its shares in PBT and that the Disposal would be in the best interests of the Company and its shareholders.

6. USE OF PROCEEDS

In light of the nominal net proceeds to be received after netting off expenses to be incurred in connection with the Disposal, it is not meaningful to state the use of net proceeds from the Disposal.

7. FINANCIAL INFORMATION

7.1. Book value or net tangible liabilities value of PBT

Based on the Group's latest announced unaudited consolidated financial statements for the half year ended 31 March 2022, the book value or net tangible liability value of PBT is S$22,498,000, after taking into consideration the allowance for impairment of amount due from the Company.

7.2. Surplus of the proceeds over the book value

Based on the Group's latest announced unaudited consolidated financial statements for the half year ended 31 March 2022, there is a surplus of S$22,516,000 over the book value as set out in Section 7.1 above.

7.3. Loss on disposal

The Disposal is expected to result in an accounting loss on disposal (being the book value of PBT) of approximately S$1,714,000.

8. FINANCIAL EFFECTS

8.1. Bases and Assumptions

The *pro forma* financial effects of the Disposal are based on, *inter alia*, the following bases and assumptions:

(a) the audited consolidated financial statement of the Group for the financial year ended 30 September 2021;

(b) the *pro forma* financial effects of Disposal on the consolidated net tangible assets ("**NTA**") per share of the Group are computed based on the assumption that the Disposal was completed on 30 September 2021; and

(c) the *pro forma* financial effects of the Disposal on the Loss per Share ("**LPS**") are computed based on the assumption that the Disposal was completed on 1 June 2020.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or Group following the completion of the Disposal.

8.2. NTA per share

	Before the Disposal	**After completion of the Disposal**
Consolidated NTA attributable to the shareholders (S$'000)	(179,759)	(197,490)
Number of shares ('000)	646,882	646,882
Consolidated NTA per share attributable to the shareholders (cents)	(27.79)	(30.53)

8.3. LPS per share

	Before the Disposal	**After completion of the Disposal**
Consolidated loss after taxation and minority interest (S$'000)	(201,716)	(219,465)
Weighted average number of shares ('000)	646,882	646,882
Consolidated loss per share (cents)	(31.18)	(33.93)

9. MAJOR TRANSACTION

Based on the Group's unaudited consolidated financial statements for the half year ended 31 March 2022, the relative figures for the Disposal, as computed on the bases set out in Rule 1006 of the Listing Manuel are as follows:

Bases in Rule 1006		**Relative figures (A)**	**Relative figures (B)**
(a)	The net asset value of PBT, compared with the Group's net asset value	-1.15%**(1)**	15.28%**(2)**
(b)	Net profit / (loss) attributable to PBT, compared with the Group's net loss	1.5%**(1)**	-69.9%**(2)**
(c)	Aggregate value of the consideration received from the Disposal compared with the Group's market capitalisation based on the total number of issued shares excluding treasury shares	0.1%**(3)**	0.1%**(3)**
(d)	Number of equity securities issued by the Company as consideration for the Disposal, compared with the number of equity securities previously in the issue	N.A.	N.A.
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A.	N.A.

Notes:

(1) As at the date of this announcement, a sum of approximately S$25,633,000 is due from the Company to PBT. The relative figures calculated on the bases set out in Rules 1006(a) and 1006(b) are derived at on the basis that no allowance for impairment was provided for in the books of PBT. On such basis, the net asset value of PBT was S$1,699,000 and the net profit of PBT was S$517,000.

(2) As at the date of this announcement, a sum of approximately S$25,633,000 is due from the Company to PBT. The relative figures calculated on the bases set out in Rules 1006(a) and 1006(b) are derived at on the basis that an allowance for impairment has been provided for in the books of PBT. On such basis, the net tangible liabilities value of PBT is S$22,498,000 and the net loss of PBT was S$23,680,000. *(Note: Allowance for impairment of intercompany balances is eliminated at Group level; and hence, there is no financial impact on the Group's net asset/labilities value and Group's net loss position)*

(3) Based on the Consideration of S$18,000 for the Disposal and the Company's market capitalisation of approximately S$20,700,239. The market capitalisation of the Company is derived by multiplying the total number of issued shares (excluding treasury shares) of 646,882,476 shares and the volume-weighted average traded price of the shares of S$0.032 traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 June 2021, being the last traded market day preceding the date of the SPA.

None of the relative figures calculated on the Rule 1006 bases for the relative figures (A) exceeds 5%. However, the relative figure under Rule 1006(a) is a negative figure. As the net asset value ("**NAV**") for PBT is positive but the NAV for the Company is negative and both PBT and the Company are profitable, paragraphs 4.3(c) and 4.4(c) of Practice Note 10.1 have been taken into consideration. While the relative absolute figures do not exceed 5%, as the loss on disposal would be more than 10% of the consolidated net profit of the Company, the transaction would not fall under paragraph 4.3(c) or 4.4(c). Accordingly, further to paragraph 4.6 of Practice Note 10.1, Rule 1014 of the Listing Manual shall apply and the Disposal would be conditional upon the approval by shareholders in a general meeting.

In respect of the relative figures (B), as the NAV for PBT and Company are both negative and PBT is loss-making while the Company is profitable, paragraphs are 4.4(c) and 4.4.(e) of Practice Note 10.1 have been taken into consideration. In relation to paragraph 4.4(c), the absolute relative figure on the basis of Rule 1006(b) exceeds 20%. In relation to paragraph 4.4(e), whilst the absolute relative figures on the basis of Rules 1006(a) and (c) do not exceed 20%, as the loss on disposal would be more than 10% of the consolidated net profit of the Company. As such, Rule 1014 of the Listing Manual will apply and the Disposal would be conditional upon the approval by shareholders in a general meeting.

The Company intends to seek a waiver from the SGX-ST from the requirement of seeking shareholders' approval for the Disposal at an extraordinary general meeting ("**EGM**") to obtain approval from shareholders on the basis *inter alia* that:

(a) PBT is in a net liability position as set out in the Section 5 above;

(b) the waiver would expedite the process of the Disposal and reduce the costs and cashflow pressures associated with PBT and its on-going projects (details of which have been set out in Section 5 above) on the Group; and

(c) it is in the interest of the Company and its shareholders to avoid incurring unnecessary costs and expenses in convening a shareholders' meeting to vote on the Disposal given that the Company has already secured an undertaking from Tramore Global Limited, the controlling shareholder of the Company holding direct interest of about 53.4% of the ordinary shares of the Company, to vote in favour of the Disposal in the event that the waiver is not granted and an EGM has to be convened.

The Company will make the relevant announcement(s) to update the shareholders as and when there are any updates regarding the waiver.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings and / or directorships in the Company (if any).

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA are available for inspection during normal business hours at the Company's registered office at 25 Bukit Batok Street 22, TEE Building, Singapore 659591, for a period of three (3) months commencing from the date of this Announcement.

12. DETAILS OF ANY SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Disposal. Accordingly, there is no service contract proposed to be entered into between the Company with any person proposed to be appointed as a director to the Board.

13. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealings with shares, to read this announcement carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt the actions they should take.

BY ORDER OF THE BOARD
TEE INTERNATIONAL LIMITED

Ong Beng Hong
Company Secretary
3 August 2022