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

ENTRY INTO BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CARATS&CO PTE. LTD.

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1. INTRODUCTION

The board of directors (the "**Board**") of TEE International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 14 December 2023 entered into a legally binding term sheet (the "**Term Sheet**") with the shareholders of Carats&Co Pte. Ltd. (the "**Target Company**"), namely Teo Kin Hua , Teo Kim Guan , Teo Chiew Moi Susie , Koh Tong Huat, Teo Kim Huat , Cho Ann Fong (each, a "**Vendor**" collectively, the "**Vendors**" and together with the Company, the "**Parties**"), in relation to the proposed acquisition of the entire issued and paid-up share capital (the "**Sale Shares**") of the Target Company (the "**Proposed Acquisition**").

The Term Sheet is legally binding on the Parties with the commercial terms therein and the Proposed Acquisition contemplated be binding as between the Parties, subject to the conditions set forth therein, including the negotiation and execution of a sale and purchase agreement in respect of the Proposed Acquisition, amongst other definitive agreements (the "**Definitive Agreements**"). If the relevant Definitive Agreements are not entered into within nine (9) months from the date of the Term Sheet (or such other date as may be agreed between the Parties in writing) (the "**Long-Stop Date**"), the Term Sheet and each of the Parties' rights and obligations thereunder will terminate immediately on the Long-Stop Date, save for any antecedent breach of the terms therein.

The Proposed Acquisition is expected to constitute a major transaction under Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), for which approval of the shareholders of the Company is required.

2. INFORMATION RELATING TO THE TARGET COMPANY AND THE VENDORS

2.1. Target Company

The Target is an exempt private company limited by shares duly incorporated under the laws of Singapore on 1 November 2021. The Target Company is engaged in the business of manufacturing signs and advertising displays, including the design, supply, fabrication and installation of digital and non-digital signs and displays.

As at the date of this announcement,

(a) the Target Company has a total issued and paid-up share capital of S$2,000,000 comprising 2,000,000 ordinary shares; and

(b) the shareholders of the Target Company and their shareholding proportions are as follows:

Vendor	Number of Sale Share held	Shareholding Interest (%)
Teo Kin Hua	466,000	23.30
Teo Kim Guan	399,400	19.97
Teo Chiew Moi Susie	153,800	7.69
Koh Tong Huat	173,800	8.69
Teo Kim Huat	466,000	23.30
Cho Ann Fong	341,000	17.05

2.2. The Vendors

Each of the Vendors is an independent third party unrelated to any of the directors, substantial shareholders or controlling shareholders, or their respective associates (as defined in the Listing Manual of the SGX-ST), of the Company.

As at the date of this announcement, each of the Vendors do not have any shareholding interests, direct or indirect, in the Company.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The shares of the Company (the "**Shares**") have been suspended from trading since 19 June 2021 on the basis that a financial consultant, RSM Corporate Advisory Pte. Ltd. ("**RSM**"), was engaged to, amongst others, undertake a review of the Group's businesses and assist to formulate restructuring plans to improve the financial position and performance of the Group in light of the expected significant losses for the fourth quarter ended 31 May 2021.

On 20 February 2023, the Company announced that completion of the disposal of PBT Engineering Pte Ltd ("**PBT Engineering**"), its wholly-owned subsidiary engaged in the business of engineering services, building and construction services and other related activities. Accordingly, PBT Engineering ceased to be a subsidiary of the Company and the Group's engineering and construction business has ceased operations (discontinued operations). The remaining entities of the Group are the Company, TEE Industrial Pte Ltd, TEE Infrastructure Pte Ltd, G3 Environmental Pte Ltd, Envotek Engineering Pte Ltd, TEE Environmental Pte Ltd, TEE Recycling Pte Ltd, PowerSource Philippines Distributed Power Holdings, Inc, TEE Water Pte Ltd and TEE Solar Pte Ltd which are mainly involved in waste management solutions and commercial and industrial real estate management, and corporate and other activities.

Pursuant to Rules 1303(3) and 1304(1) of the Listing Manual of the SGX-ST, the Company is required to submit a resumption of trading proposal (the "**Resumption Proposal**") with a view to resume trading in its securities and as at the date of this announcement, the Company is working on a revised Resumption Proposal to be re-submitted to the SGX-ST to further provide information and details to demonstrate and to substantiate how the proposed business plan will be able to support the Group to operate as a going concern, upon the completion of its business and debt restructuring.

The Proposed Acquisition is a strategic investment by the Group as the existing business of the Target Company is complementary to the Company's previous core engineering and construction business segment. The Group anticipates that the Proposed Acquisition will allow the Group to leverage on the Target Company's market access and technical knowledge. The Proposed Acquisition represents a strong opportunity for the Group to expand its businesses and operations, which will allow it to achieve more consistent and sustainable financial growth.

Barring any unforeseen circumstances, the Directors are of the view that the Proposed Acquisition, if completed, will generate a sustainable revenue stream for the Group and enhance the long term interests of the Shareholders.

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

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1. The Proposed Acquisition

Pursuant to the Term Sheet and subject to the terms and conditions of the Definitive Agreements to be entered into between the Parties, the acquisition by the Company of the Sale Shares free from all encumbrances with all rights, title and interest in and to the Sale Shares attaching to them as at completion of the Proposed Acquisition (the "**Completion**"), shall be carried out in two (2) tranches:

(a) Tranche One: within three (3) months (or such other period as the Parties may agree in writing) from the satisfaction of the Conditions Precedents (as defined below), the acquisition of 1,200,000 Sale Shares held by Vendors (the "**Tranche One Acquisition**") such that the total number of Sale Shares acquired by the Company on completion of the Tranche One Acquisition would be equivalent to 60% of the issued share capital of the Company; and

(b) Tranche Two: within 12 months following the completion of the Tranche One Acquisition, the acquisition of 800,000 Sale Shares held by Vendors representing 40% of the issued share capital of the Company (the "**Tranche Two Acquisition**").

With respect to the Tranche Two Acquisition, each Party or Vendor shall have an option to negotiate with the other Party or Vendor to acquire a lower percentage of the issued share capital of the Company, such amount to be between 20% to 40%, as may be agreed in writing between the respective Parties.

Following Completion of the Tranche Two Acquisition and provided that the option to acquire less Sale Shares in this Section 4.1(b) of this announcement is not exercised, the Target Company shall be a wholly-owned subsidiary of the Company.

4.2. Excluded Assets

The following assets shall be excluded from the assets of the Target Company in connection with this Proposed Acquisition:

(a) the freehold land and building located at 42 Tannery Lane Singapore 347791;

(b) the freehold land and building located at 15 Tannery Road Singapore 347777;

(c) the freehold land known as Lot No. 10399K of MK 24; and

(d) the freehold land known as Lot No. 10342X of MK 24,

(collectively, the "**Excluded Assets**").

As at the date of the Term Sheet, the Target Company has entered into an option to purchase (the "**Disposal OTP**") with an unrelated third party and subject to a leaseback arrangement therein stated, pursuant to which the unrelated third party may exercise the option to purchase

the Excluded Assets between 2 November 2024 and 31 December 2024 and the completion of the Disposal is expected to take place in the first quarter of 2025 (the "**Disposal**"). An option money of S$690,000 (the "**Option Money**") has been paid to the Company under the Disposal OTP.

In connection with the Excluded Assets, the Parties acknowledge and agree to the following:

(i) in connection with the shareholder loans provided by some of the Vendors to the Target Company (the "**Shareholder Loans**"), such Shareholder Loans shall not be due and payable unless and until the Disposal has been completed;

(ii) the amount of the net proceeds from the Disposal of the Excluded Assets (the "**Excluded Assets Net Proceeds**") shall be utilised for (1) the discharge of all liabilities of the Target Company relating to (i) all term loans and overdraft facilities from United Overseas Bank Ltd granted to the Target Company, which are currently secured by UOB's mortgage over the Excluded Assets, (ii) the Shareholder Loans, and (2) the repayment of Gleamedia Pte. Ltd.'s outstanding loan owing to the Target Company, and (3) the repayment of all other non-operating and/or non-trade related liabilities of the Target Company, except for the liabilities to be determined and mutually agreed between the Parties in writing at the Definitive Agreements stage as an appendix to the sale and purchase agreement in respect of the Proposed Acquisition (collectively, the "**Excluded Loans**"). In the event that the amount of such Excluded Assets Net Proceeds is:

A. higher than the amount utilised to discharge the Excluded Loans, any excess shall be distributed to the relevant Vendors on a *pro rata* basis;

B. lower than the amount utilised to discharge the Excluded Loans, the relevant Vendors shall pay the Target Company such shortfall on a *pro rata* basis,

and following which, in any event, the Target Company shall thereafter (I) be fully, unconditionally and irrevocably released from such obligations to pay any amounts arising from the liabilities of the Target Company under the Excluded Loans, and (II) have sufficient working capital and liquidity to meet its operational requirements for the following 12 months after the release of such obligations without additional injection of funds, the sufficiency of which shall be assessed and determined by the auditors of the Target Company in consultation with the Vendors and the Company, as supported by a cash flow projection to be prepared by the Target Company's management to the Directors of the Target Company;

(iii) the Vendors shall keep the Target Company indemnified against any and all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney's fees on a full indemnity basis) that the Target Company may incur or suffer in connection with or arising from the Disposal of the Excluded Assets;

(iv) costs and expenses arising out of or in connection with the Disposal (including any stamp duty or similar taxes) shall be borne by the Vendors, and the Vendors shall be entitled to appoint a firm of solicitors to act for the Target Company in the Disposal. For the avoidance of doubt, the Excluded Assets Net Proceeds do not include such costs and expenses arising out of or in connection with the Disposal; and

(v) in the event that the Disposal is aborted for any reason whatever, the Parties agree as follows:

(a) if the Target Company forfeited the Option Money or any monies paid under the Disposal OTP, the same shall belong to the Vendors;

(b) the Vendors to take all necessary steps to procure the sale of the Excluded Assets by the Target Company within 15 months from the date of abortion of the Disposal (the **"Sale Period**") at a consideration and terms at the sole discretion of the Vendors; and

(c) in the event that the Vendors are unable to procure the sale of the Excluded Assets by the Target Company within the Sale Period, the Vendors and/or their nominee(s) shall purchase the Excluded Assets from the Target Company at a consideration no less than the aggregate amount of the Excluded Loans (or such other amount as may be agreed between the Parties in writing),

and all transaction costs and expenses (including any stamp duties or similar taxes) incurred thereto shall be borne by the Vendors, and the net sale proceeds thereof shall be applied as per the terms stated in the above Sections 4.2(i) and (ii) of this announcement as may be applicable;

(vi) for the purposes of the disposal of the Excluded Assets in accordance with the terms provided in this Section 4.2 of this announcement, the Company shall procure the Target Company and/or its nominated directors and shareholders to render all requisite assistance to the Vendors, including but not limited to, the passing of directors and shareholders' resolutions and execution of all requisite documents relating to the disposal of the Excluded Assets, provided always that it does not contravene any laws and regulations governing the Target Company and the constitution of the Target Company; and

(vii) in consideration of the Vendors' agreement not to declare or distribute the profits of the fiscal year 2023 as dividends, it is agreed that the Vendors shall have the discretion to utilise these retained profits to repay, in full or in part, the Excluded Loans prior to the Completion of the Proposed Acquisition. This repayment is subject to the condition that the total amount repaid does not exceed the profits accumulated by the Target Company since its amalgamation.

4.3. Indicative Valuation

The indicative valuation of the Target Company as at the date of the Term Sheet ("**Indicative Valuation**") is S$14,000,000. The Indicative Valuation is based on the price earning ratio of the Target Company's FY2023 projection figures. For the avoidance of doubt, such Indicative Valuation excludes the Excluded Assets for which the Disposal OTP has been granted and does not take into consideration the Excluded Loans and the Option Money.

4.4. Consideration

The Consideration payable by the Company to the Vendors for the Sale Shares shall be approximately S$14,000,000 (the "**Consideration**"), which shall be satisfied in the following manner:

(a) in connection with the Tranche One Acquisition, the Company shall make payment of 60% of the Consideration (the "**Tranche One Acquisition Consideration**") of the following on the completion date of the Tranche One Acquisition:

(i) S$7,000,000 in cash (the "**Tranche One Cash Consideration**"); and

(ii) S$1,400,000 by way of an allotment and issue of shares in the issued and paid-up capital of the Company (the "**Tranche One Consideration Shares**") to the Vendors and/or such persons as directed by the Vendors as fully paid-up shares, at the issue

price which is equivalent to the theoretical value per share of the Company (post-share consolidation) (the "**Tranche One Issue Price**"), the theoretical value means the theoretical price of each share of the Company computed based on the same subscription price per share issued pursuant to the subscription by Meta5 Pte. Ltd.;

(b) in connection with the Tranche Two Acquisition, the Company shall have the absolute discretion to elect to make payment of the remaining Consideration (the "**Tranche Two Acquisition Consideration**") in the following manner:

(i) Option One: where the Company makes payment of the following on the completion date of the Tranche Two Acquisition:

(1) S$3,920,000 in cash, being 70% the Tranche Two Acquisition Consideration (the "**Tranche Two Cash Consideration**"); and

(2) S$1,680,000, being the remaining 30% of the Tranche Two Acquisition Consideration, by way of an allotment and issuance of shares in the issued and paid-up capital of the Company (the "**Tranche Two Consideration Shares**") to the Vendors and/or such persons as directed by the Vendors as fully paid-up shares, at the issue price to be determined by the Parties based on the 30-day volume weighted average price of the Company's traded shares on a trading day to be designated and agreed by the Parties)(the "**Tranche Two Issue Price**"); or

(ii) Option Two: where the Company exercises its discretion to adjust the cash portion of the Tranche Two Acquisition Consideration to an amount being less than S$3,920,000 (being the amount equivalent to 70% of Tranche Two Acquisition Consideration), the Parties agree that the total quantum of the Tranche Two Acquisition Consideration shall be adjusted from S$5,600,000 to S$6,400,000 (based on the total valuation of the Target Company being adjusted from S14,000,000 to S$16,000,000) (the "**Adjusted Tranche Two Acquisition Consideration**") and the Company shall, accordingly, make payment of the following on the completion date of the Tranche Two Acquisition:

(1) such amount of cash as may be determined by the Company at its sole and absolute discretion (the "**Adjusted Tranche Two Cash Consideration**"); and

(2) the remainder of the Adjusted Tranche Two Consideration to be satisfied by way of an allotment and issue of shares in the issued and paid-up capital of the Company (the "**Adjusted Tranche Two Consideration Shares**") to the Vendors and/or such persons as directed by the Vendors as fully paid-up shares, at the issue price to be determined by the Parties based on the 30-day volume weighted average price of the Company's traded shares on a trading day to be designated and agreed by the Parties (the "**Adjusted Tranche Two Issue Price**");

(c) in the event where the Company has exercised its option under Section 4.1(b) of this announcement to acquire less Sale Shares under the Tranche Two Acquisition, the payment mechanisms in the above two options in this Section 4.4(b) of this announcement shall operate in the same manner, subject to adjustments to the monetary figures in the Tranche Two Acquisition Consideration accordingly.

The Tranche One Consideration Shares, Tranche Two Consideration Shares and the Adjusted Tranche Two Consideration Shares (collectively referred to as the "**Consideration Shares**") shall rank *pari passu* and form a single class with the existing ordinary shares in the capital of the Target Company and shall carry the rights to receive in full all dividends declared, made or paid after the date of Completion of each tranche of the Proposed Acquisition.

The Consideration was arrived at, on a willing-buyer willing-seller basis, after negotiations which were conducted at arms' length between the Parties and takes into account, amongst others, the Indicative Valuation of the Target Company.

4.5. Earn-out

The Vendors, directors and key management personnel of the Target Company shall be jointly entitled to a one-time earn-out payment (the "**Earn-out Consideration**") where the Target Company achieves certain audited net profit before tax ("**NPBT**") targets. The Earn-out Consideration will be computed by applying a multiple of 50% to the amount (if any) by which the NPBT for the latest full year audited financial statements of the Target Company for the financial year ending immediately prior to the Tranche Two Acquisition (the "**Relevant Period**") exceeds the benchmark NPBT of S$3,400,000 (the "**Benchmark NPBT**"). The calculation for the Earn-out Consideration shall be as follows:

Earn-out Consideration	=	50% x (Relevant Period NPBT– S$3.4 million)

For illustrative purposes, assuming the Target Company's NPBT for the Relevant Period is S$4.0 million, the Earn-out Consideration shall be S$300,000.

The above figures are prepared purely for illustrative purposes only and do not amount to projections of the future financial performance of the Target Company and do not reflect the future financial position of the Target Company.

The Earn-out Consideration shall be paid by the Target Company in cash within 60 days of the audited NPBT for the Reference Period being available. The allocation of the Earn-out Consideration shall be proposed by the Target Company's management and to be approved by the shareholders and directors of the Target Company.

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4.6. Board Composition

Upon the completion of the Tranche One Acquisition, the Target Company's Board of Directors shall comprise a maximum of five (5) members and the Vendors shall procure the following:

(a) they shall cause at least five (5) of the existing directors of the Target Company to resign their directorship;

(b) appointment of up to three (3) members nominated by the Company as directors of the Target Company (the "**Purchaser Directors**") and any remuneration of such directors shall be mutually agreed by the Parties; and

(c) up to two (2) members out of the five (5) member Board of Directors shall be nominated by the Vendors to be executive directors of the Target Company (the "**Vendor Directors**") and any remuneration of such directors shall be mutually agreed between the Parties.

Upon the completion of the Tranche Two Acquisition, a proportionate percentage of the Board of should be awarded to the Company in accordance with the Company's shareholdings.

4.7. Conditions Precedent

The completion of each tranche of the Proposed Acquisition shall be conditional upon the customary conditions precedent (the "**Conditions Precedent**") having been fulfilled or waived, including but not limited to:

(a) the results of the due diligence (legal, financial or otherwise) conducted by the Company on the Target Company and its subsidiaries (if any) (collectively, the "**Target Group**") (the "**Due Diligence**") being satisfactory to the Company (in its sole and absolute discretion) and the Company shall notify the Vendors in writing of the outcome of the Due Diligence which is to be completed within one (1) month's from the date of the Term Sheet or such other period as may be agreed between the Parties in writing (the **"DD Due Date**"), time shall be of the essence;

(b) all approvals, waivers or consents under all applicable laws and regulations or otherwise (including but not limited to the Listing Manual of the SGX-ST, the Securities Industry Council (the "**SIC**") or any other relevant regulatory authority for the transactions contemplated under the Proposed Acquisition or otherwise having been obtained (and such approval not having been withdrawn or revoked);

(c) the Company remaining listed on the Mainboard of the SGX-ST and not having received any delisting or suspension notification;

(d) if required, approval of the shareholders of the Company for the Company's performance of all of its obligations under the Definitive Agreements and all transactions contemplated thereunder being obtained;

(e) the resumption of trading of the shares of the Company on the Mainboard of the SGX-ST;

(f) the approval-in-principle of the SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST being obtained (and such approval not having been withdrawn or revoked);

(g) the passing of the Directors' resolutions in writing of the Target Company, in the form and substance satisfactory to the Company, approving the transactions contemplated under the Definitive Agreements;

(h) all relevant authorisations, consents, approvals, resolutions, licences and exemptions necessary for the ordinary course of business of the Target Company remaining valid, existing and being in full force and effect;

(i) the Company being satisfied that there has been no event, act or omission that may cause a material adverse change to the business, operations, assets, financial condition, turnover or prosects of the Target Group; and

(j) the representations and warranties provided by the Vendors in the Definitive Agreements remaining true and accurate in all respects and not misleading in any respect.

4.8. Condition Subsequent

The successful completion of the Disposal of the Excluded Assets by the Target Company and discharge of all Excluded Loans, as outlined in Section 4.2 of this announcement above, or by any arrangement mutually agreed by the Parties, shall be a condition subsequent for the Proposed Acquisition.

4.9. Definitive Agreements

The Parties agree that the Proposed Acquisition is subject to the execution of the following Definitive Agreements:

(a) a sale and purchase agreement in respect of the Proposed Acquisition, incorporating *inter alia*, the terms set out in the Term Sheet as well as customary representations and warranties, undertakings and indemnities from the Vendors arising out of or in connection with the Proposed Acquisition and such other terms as may be agreed between the Parties, including but not limited to joint and several undertakings from the Vendors that all

Excluded Loans of the Company will be fully repaid following the Disposal of the Excluded Assets;

(b) a shareholders agreement to regulate the Parties relationship as shareholders of the Target Company following the completion of the Tranche One Acquisition and the Tranche Two Acquisition (if applicable);

(c) new service agreements between the Target Company and each of the Target Company's key executives (to be identified prior to the entry of the Definitive Agreements) (the "**Key Executives**"), in the form and substance acceptable to the Company and the Key Executives and regarding, *inter alia*, non-solicitation, non-compete and confidentiality provisions;

(d) an undertaking from the Vendors to procure that the Target Company's NPBT in the audited financial statement of FY2023 will be no less than S$3 million (the "**Profit Guarantee**") for the period from 1 January 2023 to 31 December 2023 (the "**Profit Guarantee Period**"). In the event that the Profit Guarantee is not achieved, the Vendors shall be liable to make payment to the Company of an amount equivalent to the shortfall between the Profit Guarantee and the NPBT achieved by the Target Company for the period, pro-rated based on the number of Sale Shares as a percentage of the total number of shares in the Target Company (the "**Cash Compensation**") within six (6) months from the Profit Guarantee Period; and

(e) any other ancillary agreements as may be required in connection with the Proposed Acquisition.

The Parties will in good faith negotiate and endeavour to agree on the terms of the Definitive Agreements no later than the Long-Stop Date, failing which the Term Sheet and each of the Parties' rights and obligations therein will terminate immediately on the Long Stop Date, save for any antecedent breach of the terms thereof.

4.10. Exclusivity Period

The Vendors and its agents and representatives, or any other person acting on its behalf, shall observe a three (3) month exclusivity period from the date of the Term Sheet or such longer period as may be agreed between the Parties in writing (the "**Exclusivity Period**"). During the Exclusivity Period, the Vendors, Target Company and any of its directors, officers, employees or agents, will not directly or indirectly, solicit, encourage, initiate, discuss, negotiate with respect to, or facilitate or enter into any agreement in respect of, any transaction or arrangement relating to the transactions or arrangements which are similar in nature to the transactions or arrangements contemplated in the Term Sheet ("**Exclusivity Obligations**").

During the Exclusivity Period, the Vendors and/or the Target Company (as the case may be) agree(s) to promptly notify the Company if they/it receive(s) (directly or indirectly) an offer or proposal with respect to any such investment, acquisition or similar transaction.

5. THE BOARD'S VIEW ON THE PROFIT GUARANTEE

In view of the Profit Guarantee set out above, the Company provides the following information in accordance with Rule 1013(1) of the Listing Manual of the SGX-ST:

5.1. The Opinion of the Board

The Board is of the view that the Profit Guarantee from the Vendors is in the interests of the Company and its shareholders, taking into account the following factors:

(a) the track record and experience of the Target Company and the Vendors in the signage solutions business; and

(b) safeguarding the interests of the Company and its shareholders in view that the Company has a right of recourse in the event that the Profit Guarantee is not met.

5.2. Principal Assumptions upon which the quantum of the Profit Guarantee is based

The principal assumptions, including commercial bases upon which the quantum of the Profit Guarantee is based, include, inter alia, the following:

(a) operating expenses will either remain constant or that there will be a corresponding increase in revenue when operating expenses increase;

(b) there will be no material changes in the existing political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Singapore;

(c) there will be no material changes in the bases or rates of taxation or duties applicable to the Target Company in Singapore;

(d) there will be no material loss of major customers, major suppliers, strategic partners which are essential for the operations of the Target Company;

(e) there will be no material capital expenditure during the Profit Guarantee Period, beyond those provided for in the Target Company's annual budget;

(f) there will be no interruption of the operations that will adversely affect the Target Company as a result of a shortage in supply of raw materials or any other circumstances such as natural disasters, or changes in the regulatory regime in Singapore which are beyond the control of the Target Company's management;

(g) there will be no material changes in the borrowings of the Target Company and the prevailing interest rates; and

(h) there will be no material changes in the key executives of the Target Company.

5.3. Manner and amount of compensation to be paid by the Vendors and safeguards put in place to ensure the Company's right of recourse

As mentioned in Section 4.12 of this announcement above, in the event that the Profit Guarantee is not achieved, the Vendors shall be liable to make payment to the Company of the Cash Compensation within six (6) months from the Profit Guarantee Period.

6. SOURCE OF FUNDS

The Company intends to finance the Proposed Acquisition through internal funds as well as proceeds from the proposed subscription by Meta5 Pte. Ltd. and other fundraising exercises which it intends to conduct shortly after the resumption of the Company's Shares on the Mainboard of the SGX-ST.

7. SERVICE AGREEMENT

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

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Term Sheet will be 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 from the date of this announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

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

11. TRADING CAUTION

Notwithstanding that the trading of the Company's shares is suspended, shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements where necessary upon the signing of the Definitive Agreements, or as and when there any material developments in relation to the Proposed Acquisition.

By Order of the Board

Phua Cher Chuan
Chief Executive Officer and Managing Director

14 December 2023