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

ENTRY INTO CONDITIONAL SUBSCRIPTION AGREEMENT WITH META5 PTE. LTD.

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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**") is pleased to announce that the Company has, on 18 August 2022, entered into a conditional subscription agreement (the "**Subscription Agreement**") with Meta5 Pte. Ltd. (the "**Subscriber**") (the parties to the Subscription Agreement, collectively, as the "**Parties**") in relation to the following:

(a) subscription by the Subscriber of S$7,500,000 (the "**Subscription Amount**") in new ordinary shares in the Company (the "**Subscription Shares**"), on the terms and conditions of the Subscription Agreement (the "**Proposed Subscription**"); and

(b) subscription by the Subscriber of S$7,500,000 in principal amount (the "**Option Amount**") of unlisted and non-transferable share options (the "**Options**"), with each Option carrying the right to subscribe for one (1) new ordinary share in the Company (the "**Option Shares**") per Option, on the terms and conditions of the Subscription Agreement (the "**Proposed Grant of Options**", together with the Proposed Subscription, the "**Proposed Subscriber Transactions**").

Please refer to paragraph 4 (*Principal Terms of the Subscription Agreement*), paragraph 5 (*Principal Terms of the Proposed Subscription*) and paragraph 6 (*Principal Terms of the Proposed Grant of Options*) of this announcement for further details on the Subscription Agreement, the Proposed Subscription and the Proposed Grant of Options, respectively.

1.2. Together with the Proposed Subscriber Transactions, it is contemplated that the Company will pursue several corporate actions, including but not limited to:

(a) a debt restructuring exercise (the "**Proposed Debt Restructuring**") through a scheme of arrangement (the "**Proposed Scheme of Arrangement**") in accordance with the Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the "**IRDA**") to restructure the certain debts and liabilities owing to unsecured creditors of the Company, via settlement in cash and through the allotment and issue of new ordinary shares (the "**Settlement Shares**");

(b) an allotment and issue of new ordinary shares equivalent to not more than 3.5% of the Enlarged Share Capital (as defined below) (the "**Management Reward Shares**") by the Company to the Key Management Team[1] (the "**Proposed Issue of Management Reward Shares**"), at the Subscription Price (as defined below) for each Management Reward Share and credited as fully paid, pursuant to the new one-year service agreements to be entered into between the Company and each member of the Key Management Team (the "**Service Agreements**");

(c) an allotment and issue of new ordinary shares equivalent to not more than 7.0% of the Enlarged Share Capital (the "**RSM Shares**") by the Company to RSM Corporate Advisory Pte. Ltd. ("**RSM**"), at the Subscription Price for each RSM Share and credited as fully paid,

[1] The Key Management Team refers to key management personnel to be nominated by the chief executive officer of the Company and approved by the Subscriber before Completion (the "**Key Management Team**").

as payment of the fees due to RSM for advisory services rendered by RSM in connection with the Proposed Subscriber Transactions and the Proposed Debt Restructuring (but excluding the Proposed Scheme of Arrangement) (the "**Proposed Issue of RSM Shares**")

(collectively, the "**Proposed Transactions**").

1.3. The Company has also undertaken to pursue a rights issue within three (3) months from the completion of the Proposed Transactions (or such other time as may be mutually agreed between the Parties), at the Subscription Price for each Rights Share (as defined below) to the shareholders of the Company (the "**Shareholders**") to raise S$3,500,000 (the "**Proposed Rights Issue**"), where Tramore Global Limited (being the existing majority shareholder of the Company) (the "**Majority Shareholder**"), will undertake to subscribe for its entitlement to new ordinary shares to be issued under the Proposed Rights Issue in the Company (the "**Rights Shares**"), and any excess Rights Shares thereunder[2].

1.4. Further details on the Proposed Debt Restructuring and the Proposed Rights Issue will be provided in due course by the Company. The Company will keep the Shareholders updated on its contemplated corporate actions as and when updates are available, in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**").

2. INFORMATION ON THE SUBSCRIBER

2.1. As at the date of this announcement, the Subscriber is private company incorporated in Singapore on 20 June 2022 with its principal activity as a holding company. It has a share capital of S$100 and the shareholders of the Subscriber are Mr. Zheng Le ("**Mr. Zheng**") (60.0%) and Mr. Tan Fuh Gih ("**Mr. Tan**") (40.0%). Mr. Zheng is the sole director of the Subscriber.

2.2. Mr. Zheng is an entrepreneur in entertainment, media and esports industry. He founded Impunity Esports in 2019, a Singapore based esports and gaming organisation with regional presence in a few Southeast Asia countries and Taiwan. Prior to Impunity Esports, Mr. Zheng was a venture capitalist and investor in entertainment, movie and sports media businesses. He was an early-stage investor of Singapore entertainment group MM2 Asia Limited. Mr. Zheng started his career in Singapore and China with one of the major local property developers.

2.3. Mr. Tan is a prolific entrepreneur and seasoned investor in offshore marine, energy and real estate sectors. He has been involved in Jason Marine Group Ltd, Elite Commercial REIT Ltd, Viva Industrial Trust Ltd, and many other notable portfolios. Mr. Tan is also an active angel investor in the technology sector and other new industries. Mr. Tan is one of the angel investors of Southeast Asia's esports company Evos Esports.

2.4. As at the date of this announcement, each of the Subscriber and its shareholders (a) does not hold any Shares; and (b) is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between the Subscriber and its shareholders and the Directors or substantial shareholders of the Company.

3. BACKGROUND TO AND RATIONALE FOR THE PROPOSED SUBSCRIBER TRANSACTIONS

3.1. Background to the Proposed Transactions

The shares of the Company (the "**Shares**") have been suspended from trading since 19 June 2021 on the basis that a financial consultant, 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.

[2] It is intended that only the existing Shareholders of the Company shall be entitled to participate in the Proposed Rights Issue (i.e. prior to the completion of the Proposed Subscriber Transactions, the Proposed Debt Restructuring the Proposed Issue of Management Reward Shares and the Proposed Issue of RSM Shares), subject to approval being obtained from the SGX-ST.

As announced on 7 August 2021, following an initial review of the Group's businesses and operations by RSM and in view of the total liabilities (including estimated contingent liabilities) and losses incurred by the Group, the Company intended to propose a scheme of arrangement with its creditors and accordingly, applications for moratoria have been filed with the Court so as to preserve the assets of the Group pending the formulation of a holistic restructuring plan. The Court had on 26 November 2021 granted moratoria relief up to 31 March 2022 for the Company and certain of its subsidiaries including PBT Engineering Pte. Ltd., a wholly-owned subsidiary of the Company ("**PBT**"), and TEE Infrastructure Pte Ltd. Further, as announced on 31 March 2022, the Court had granted an extension of moratoria relief to 30 June 2022 and subsequently, the Group had, on 16 June 2022, applied for a further extension to 30 September 2022 and has been granted a further extension to 30 September 2022 on 29 June 2022.

In connection with the above and to strengthen its financial position, the Group had been in discussions with potential investors and other unrelated parties in relation to, amongst others, an equity injection and divestment of certain non-core assets, and continues to engage with its lenders and trade creditors on alternative repayment terms and/or schedules as part of its debt restructuring. Further to that, the Company had on 18 July 2022[3] completed a sale of its property in 33 Changi North as enforced by its lender and had also entered into a sale and purchase agreement on 2 August 2022[4] for the sale of PBT Engineering Pte Ltd (its wholly-owned subsidiary).

To that end, the Company had in consultation with RSM and its other professional advisers assessed various options and investment proposals, resulting in the final decision to proceed with, amongst others, the Proposed Subscriber Transactions and the Proposed Debt Restructuring.

3.2. Rationale for the Proposed Subscriber Transactions

Pursuant to the considerations above, the Company is of the view that the investment by the Subscriber through the Proposed Subscriber Transactions is beneficial to the Company and the Group as the Proposed Subscriber Transactions, if entered into, will allow for certainty of funding for (a) the Group's repayments as required under the Proposed Scheme of Arrangement; (b) payment of professional fees incurred for the Proposed Transactions; and (c) working capital for the Pro Forma Group and to fund the growth of business of the remaining entities in the Group pursuant to the Proposed Debt Restructuring (the "**Pro Forma Group**")[5]. Therefore, such funds are vital for the continuity of the Company as a going concern. Further, upon completion of the Proposed Rights Issue, and if and when the Options are exercised, the Company will also have further access to funds from the proceeds of the Proposed Rights Issue and the exercise of the Options (if any) for working capital for the Pro Forma Group and to fund the growth of the business of Pro Forma Group.

Without the Proposed Subscriber Transactions, the Proposed Debt Restructuring will not be able to proceed as the Group will not be able to repay eligible creditors under the Proposed Scheme of Arrangement. Without the Proposed Subscriber Transactions and the Proposed Debt Restructuring, the Group will not be able to have sufficient working capital to operate as a going concern or have a viable proposal for the resumption of trading.

4. PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

4.1. Deposit Amount and Escrow Amount

Under the terms of the Subscription Agreement, the Subscriber is to make a deposit of S$500,000 (the "**Deposit Amount**") (which forms part of the Subscription Amount) into an escrow account held in the name of the Company (the "**Escrow Account**"), of which S$200,000 of the Deposit

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[3] https://links.sgx.com/FileOpen/tee%20annc%20-%20Completion%20of%20SPA%20for%2033CNC.ashx?App=Announcement&FileID=723964

[4] https://links.sgx.com/FileOpen/TEE%20-%20Disposal%20of%20PBT%20-%203%20Aug%202022%20FINAL.ashx?App=Announcement&FileID=725968

[5] Being the entities of the Group (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 and TEE Solar Pte Ltd) and/or such other entities as may be mutually agreed between the Parties (which will continue the operations of the Group pursuant to completion of the Proposed Transactions).

Amount is to be deposited into the Escrow Account within three (3) business days from the date of the Subscription Agreement, and the remaining S$300,000 is to be deposited immediately upon satisfaction of the condition set out under paragraph 4.4(a) of this announcement (which shall be informed to the Company by the Subscriber in writing).

The Deposit Amount is to be released from the Escrow Account in two (2) tranches in accordance with the terms of the Subscription Agreement to partially fund the professional fees incurred for the Proposed Subscriber Transactions and the Proposed Debt Restructuring, where the release of such amounts shall be subject to the approval of the Subscriber. Amounts which have been released from the Escrow Account will not be refundable.

Within one (1) week (or such other time as may be mutually agreed between the Parties) from the date of satisfaction of the condition set out under paragraph 4.4(f) of this announcement (which shall be informed to the Subscriber by the Company in writing), deposit an amount of S$7,000,000 (being the Subscription Amount less the Deposit Amount) (the "**Escrow Subscription Amount**") into the Escrow Account, provided always that the Escrow Subscription Amount shall be received in clear funds on such date.

4.2. **Details of Subscription Shares**

The Subscriber will be allotted and issued such number of Subscription Shares at the subscription price to be determined in accordance with the terms of the Subscription Agreement (the "**Subscription Price**") for the full Subscription Amount, with fractional entitlements to be disregarded, on the Completion Date (as defined below).

For further details, please see paragraph 5 (*Principal Terms of the Proposed Subscription*) of this announcement.

4.3. **Details of Options**

The Subscriber will be granted such number of unlisted and non-transferable Options (as determined by dividing the Option Amount by the option price which is equivalent to the Subscription Price (the "**Option Price**")), with fractional entitlements to be disregarded on the Completion Date (as defined below), for an aggregate consideration of S$1.00. Each Option carries the right to subscribe for one (1) Option Share.

The Options will not be listed or quoted on any stock exchange and shall be non-transferable in accordance with the terms and conditions of the Options.

For further details, please see paragraph 6 (*Principal Terms of the Proposed Grant of Options*) of this announcement.

4.4. **Conditions**

Completion of the Proposed Subscriber Transactions (the "**Completion**") shall be conditional upon the following (the "**Conditions**"):

(a) the satisfactory completion of due diligence by the Subscriber on the Group, with such due diligence to be completed by 15 September 2022, or such other date as may be mutually agreed between the Parties;

(b) the terms and conditions of the Proposed Debt Restructuring (including the Proposed Scheme of Arrangement), being satisfactory to the Subscriber;

(c) the Proposed Debt Restructuring not having been suspended or terminated;

(d) as part of the arrangements under the Proposed Debt Restructuring, the Proposed Scheme of Arrangement being binding on the Company and all the creditors or classes of creditors meant to be bound by the Proposed Scheme of Arrangement, and having been approved by the courts pursuant to Part 5 of the IRDA and lodged with the Accounting and Corporate Regulatory Authority of Singapore in accordance with Section 71(10) of the IRDA;

(e) the completion of the divestment of PBT or the commencement of liquidation proceedings of PBT;

(f) Shareholders' approval being obtained at an extraordinary general meeting to be convened (an "**EGM**") to be duly convened for, *inter alia*, the Proposed Subscriber Transactions, the allotment and issue of the Subscription Shares and the Option Shares (pursuant to the exercise of the Options), the transfer of controlling interest to the Subscriber, the Whitewash Resolution (as defined below), the Proposed Debt Restructuring (specifically the allotment and issue of the Settlement Shares) and the Proposed Issue of Management Reward Shares, the Proposed Issue of RSM Shares and the allotment and issue of Rights Shares pursuant to the completion of the Proposed Rights Issue (collectively, the "**Resolutions**");

(g) the in-principle approval of SGX-ST being obtained for the listing and quotation of the Subscription Shares, the Settlement Shares, the Management Reward Shares, the RSM Shares, the Rights Shares and the Option Shares;

(h) the grant by the Securities Industry Council of Singapore ("**SIC**") (and the SIC not having revoked or repealed such grant) of the waiver of the obligation of the Subscriber to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") for the Shares not held by the Subscriber following the issue of the Subscription Shares pursuant to the Proposed Subscription under the Subscription Agreement and the Option Shares pursuant to the exercise of the Options under the Subscription Agreement, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Subscriber (the "**Whitewash Waiver**"); and (ii) the independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber in connection with the issue of the Subscription Shares and the Option Shares (the "**Whitewash Resolution**");

(i) the Company obtaining an opinion by an independent financial adviser to be appointed by the Company that the terms of the transactions which are the subject of the Whitewash Waiver are fair and reasonable;

(j) the submission of a proposal for the resumption of trading of the Shares on the Mainboard of the SGX-ST taking into account, amongst others, the Proposed Subscriber Transactions and the Proposed Debt Restructuring (the "**Resumption Proposal**"), and receipt of a no-objection letter from the SGX-ST indicating that has no objection to the Resumption Proposal;

(k) the remaining corporate guarantees provided by the Company after the Proposed Debt Restructuring shall comprise the corporate guarantees in respect of the mortgage loan on the Company's property situated at 25 Bukit Batok Street 22 Singapore 659591(the "**TEE Building**");

(l) the pro forma net asset value of the Pro Forma Group being such value as mutually agreed by the Parties under the Subscription Agreement, after the Proposed Debt Restructuring (which includes the allotment and issue of the Settlement Shares) and before the allotment and issue of the Subscription Shares, the Management Reward Shares, the RSM Shares, the Rights Shares and the Option Shares;

(m) execution of the Service Agreements on terms satisfactory to the Company and the Subscriber;

(n) there being no material deterioration of the business and financial position and/or prospects of the Pro Forma Group as a whole which deterioration cannot be reasonably foreseen as at the date of the Subscription Agreement; and

(o) such consents, approval or waiver as may be required (or deemed necessary by the Parties hereto) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the Parties in respect of the transactions contemplated in the Subscription Agreement and such consents,

approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties.

4.5. **Inter-conditionality**

Completion of the Proposed Subscriber Transactions shall be inter-conditional with the completion of the allotment and issue of the Settlement Shares pursuant to the Proposed Debt Restructuring, the Proposed Issue of Management Reward Shares, the Proposed Issue of RSM Shares and the resumption of the trading of the Company's shares on the Mainboard of the SGX-ST. Failing which, the Completion will not proceed unless otherwise mutually agreed by the Parties.

4.6. **Longstop Date**

Each Party undertakes to use all reasonable endeavours to ensure that the Conditions are fulfilled as soon as reasonably practicable, and in any event by the date falling eight (8) months from the date of the Subscription Agreement (or such other date as may be mutually agreed between the Parties and in the event of any delay which does not arise from the fault of the Subscriber, both Parties shall agree to an extension) (the "**Longstop Date**").

4.7. **Completion**

Completion shall take place on a date which shall be no later than 14 business days from the date falling on which all of the Conditions have been satisfied or waived (the "**Completion Date**"), at the office of the Company (or at such other place or by such other means as may be agreed between the Parties).

Without prejudice to any other remedies available, if in any respect the Completion provisions of the Subscription Agreement are not complied with by any Party on the Completion Date, the Party not in default may:

(a) defer Completion to a date not more than 28 days after the Completion Date and not later than the Longstop Date (and so that the Completion provisions of the Subscription Agreement shall apply to Completion as so deferred);

(b) effect Completion so far as practicable having regard to the default(s) which have occurred without prejudice to their rights hereunder; or

(c) terminate the Subscription Agreement (save for the relevant surviving provisions thereto) and no Party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Proposed Subscriber Transactions, save for any antecedent breach of the Subscription Agreement or the Parties' respective liability in relation to the monies in the Escrow Account.

4.8. **Representations and Warranties**

Each Party has, in the Subscription Agreement, provided such representations and warranties as are customary in each capacity for transactions of the nature of the Proposed Subscriber Transactions or other similar transactions.

4.9. **Company Undertakings**

The Company undertakes to the Subscriber that it will or will procure (as the case may be):

(a) use all reasonable endeavours to work towards Completion with the Subscriber exclusively under the Subscription Agreement;

(b) within three (3) months from the Completion Date (or such other time as may be mutually agreed between the Parties), the completion of the Proposed Rights Issue at the Subscription Price for each Rights Share to its Shareholders to raise S$3,500,000, where the Majority Shareholder, will undertake to subscribe for its entitlement to the Rights Shares and any excess Rights Shares under the Proposed Rights Issue;

(c) the utilisation of the proceeds from the Proposed Subscription in accordance with the Subscription Agreement, including for the repayment to eligible creditors under the Proposed Scheme of Arrangement, payment of the professional fees incurred for the Proposed Subscriber Transactions and the Proposed Debt Restructuring, and as working capital for the Pro Forma Group and to fund the growth of the business of the Pro Forma Group;

(d) the utilisation of the net proceeds from the Proposed Rights Issue for the payment of the professional fees incurred in connection with the Proposed Rights Issue, working capital for the Pro Forma Group and to fund the growth of the business of the Pro Forma Group;

(e) in the event that the Subscriber exercises the Options, the utilisation of such net proceeds for working capital for the Pro Forma Group and to fund the growth of the business of the Pro Forma Group;

(f) an irrevocable undertaking from the Majority Shareholder to vote in favour of all of the Resolutions at the EGM, including those in connection with and for the purposes of the Proposed Subscriber Transactions, the Proposed Debt Restructuring and the Proposed Rights Issue;

(g) keep the Subscriber promptly and fully informed on the progress of the Proposed Debt Restructuring and provide from time to time drafts or finalised versions of the documents in relation to the Proposed Scheme of Arrangement as may be reasonably requested by the Subscriber; and

(h) obtain a refinancing of the TEE Building; and discharge of all securities in respect of the Company's secured debts owing to Amcorp Global Limited and Amcorp Supreme Pte. Ltd., within six (6) months from Completion (or such other date as may be mutually agreed between the Parties).

4.10. **Termination**

If there shall have come to the notice of any Party (the "**Non-Defaulting Party**") of any breach of the representations, warranties and undertakings set out in the Subscription Agreement by the other Party (the "**Defaulting Party**") which is not remedied (to the reasonable satisfaction of the Non-Defaulting Party) within up to 30 business days (or such other period to be agreed between the Parties, as appropriate) from the receipt of a written notice by the Defaulting Party from the Non-Defaulting Party notifying of such breach, the Non-Defaulting Party may thereafter at any time prior to or on the Completion Date by notice in writing to the Defaulting Party terminate the Subscription Agreement, but failure to exercise this right shall not constitute a waiver of any other rights of the Non-Defaulting Party arising out of any such breach.

Upon such notice being given and subject always to the following paragraph, the Subscription Agreement shall terminate forthwith and the Parties shall be released and discharged of their obligations, without prejudice to any rights in respect of any antecedent breach under the Subscription Agreement, and the Subscription Agreement (save for the surviving provisions thereunder) shall be of no further effect and no Party shall be under any liability to the others in respect of the Subscription Agreement.

In the event of termination of the Subscription Agreement through no fault of the Subscriber (including the non-satisfaction of the condition set out under paragraph 4.4(a) of this announcement), any monies held in the Escrow Account shall be refunded to the Subscriber. Any such refund shall be made to the Subscriber in full within five (5) business days from the date of termination of the Subscription Agreement.

4.11. **Governing Law and Jurisdiction**

The validity, construction and performance of the Subscription Agreement (and any claim, dispute or matter arising under or in connection with it or its enforceability) shall be governed by and construed in accordance with the laws of Singapore.

Any claims, disputes or matters arising out of or in connection with the Subscription Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (the "**SIAC**") in accordance with the Arbitration Rules of the SIAC for the time being in force.

5. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

5.1. Issue Size

The Subscription Shares, to be issued at the Subscription Price to be determined subsequently for each Subscription Share, shall constitute the Subscription Amount of S$7,500,000. It is expected that the Subscription Shares will represent approximately 52.0% of the enlarged share capital of the Company pursuant to completion of the Proposed Subscriber Transactions (including the allotment and issue of the Subscription Shares), the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares), and the allotment and issue of the Management Reward Shares and the RSM Shares, but excluding the allotment and issue of any Rights Shares and Options Shares (the "**Enlarged Share Capital**").

The Subscription Shares when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the Mainboard of the SGX-ST and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the Subscription Shares.

5.2. Subscription Price

The Company will provide more details to its Shareholders in due course following the finalisation of the terms of the Proposed Debt Restructuring (i.e. the settlement terms of the Proposed Scheme of Arrangement), including on the Subscription Price, issue size of the Subscription Shares, the Options, the Option Shares, the Management Reward Shares, the RSM Shares, the percentage allocation of the use of proceeds from the Proposed Subscription and the financial effects of the Proposed Transactions.

5.3. Authority to Issue the Subscription Shares

The Company will be seeking specific Shareholders' approval for the Proposed Subscription and the allotment and issue of the Subscription Shares at an EGM pursuant to Rules 803, 805(1) and 811(3) of the Listing Manual.

Shareholders are to note that the Subscriber will be a new controlling Shareholder following completion of the Proposed Subscriber Transactions (including the allotment and issue of the Subscription Shares), the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares) and the allotment and issue of the Management Reward Shares and the RSM Shares. A circular is expected to be issued and despatched by the Company to its Shareholders in due course, containing the necessary information to seek for the approvals required, including any business plans which the Subscriber may have for the Company, going forward. Please see paragraph 11 (*Regulatory and Shareholder Approvals Required*) of this announcement for further details of the regulatory and shareholder approvals required.

5.4. Use of Proceeds

The aggregate net proceeds from the Proposed Subscription (after deduction of estimated expenses for the Proposed Subscriber Transactions and the Proposed Debt Restructuring), will be approximately S$6,500,000 and is intended to be used by the Company for the (a) repayment of the eligible creditors under the Proposed Scheme of Arrangement; (b) working capital for the Pro Forma Group; and (c) to fund the growth of the business of the Pro Forma Group.

The Company will provide more details to its Shareholders in due course following the finalisation of the terms of the Proposed Debt Restructuring (i.e. the settlement terms of the Proposed Scheme of Arrangement), including on the percentage allocation of net proceeds for the abovementioned purposes.

Pending the deployment of the proceeds for its use, such proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

Periodic announcements on the utilisation of the proceeds will be made as and when such funds are materially disbursed, and a status report will be provided on the use of the proceeds from the Proposed Subscription (including a breakdown with specific details) in the interim and full year financial statements issued under Listing Manual and its annual reports. Where the proceeds are used for general working capital purposes, an announcement will be made with a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of the proceeds, an announcement will be made with the reasons for such deviation.

5.5. **Rule 812 of the Listing Manual**

The Subscriber does not belong to any of the categories of persons set out in Rule 812(1) of the Listing Manual. Accordingly, none of the Subscription Shares will be placed to any person who is a Director or substantial Shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

5.6. **No Placement Agent**

There is no placement agent appointed for the Proposed Subscription. The Proposed Subscription will be by way of a private placement pursuant to an exempted offer under Section 272B of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). Hence, no prospectus or offer information statement will be issued in connection with the Proposed Subscription.

6. PRINCIPAL TERMS OF THE PROPOSED GRANT OF OPTIONS

6.1. **Principal Terms of the Options**

Consideration:	S$1.00.
Status and Transferability of the Options:	The Options constitute valid, legally binding and enforceable obligations and are unlisted and non-transferable.
Exercise Rights of the Options:	Each Option entitles the holder of the Options (the "**Option Holder**") to subscribe for one (1) Option Share at the relevant Exercise Price (as defined below) during the Exercise Period (as defined below). Subject to the terms and conditions of the Options, the Option Holder may only exercise the Options in tranches of S$500,000 at any time during the Exercise Period (with fractional entitlements to be disregarded), save where the balance of Options held by an Option Holder is less than S$500,000, in which case, the Option Holder may exercise all but not some of such balance of the Options (with fractional entitlements to be disregarded).
Exercise Price:	The exercise price shall be the sum payable in respect of each Option Share for which an Option Holder shall subscribe upon exercise of an Option (the "**Exercise Price**"), which shall be: (a) for the First Exercise Period (as defined below), the Option Price; or (b) for the Second Exercise Period (as defined below), at a premium of 10.0% to the Option Price, subject to any adjustments required as summarised below in

Adjustments pursuant to the terms and conditions of the Options in the Subscription Agreement.

Exercise Period: The exercise period shall be the period commencing on and including the date of issue of the Options and expiring on the third (3rd) anniversary of the date of issue of the Options, unless such date is a date on which the register of members is closed or is not a market day, in which event, such period shall end on the date after to the closure of the register of members or immediate preceding market day (as the case may be) (the "**Exercise Period**").

The "**First Exercise Period**" means the period commencing on and including the date of issue of the Options and expiring on the first (1st) anniversary of the date of issue of the Options, unless such date is a date on which the register of members is closed or is not a market day, in which event, such period shall end on the date after to the closure of the register of members or immediate preceding market day (as the case may be) and the "**Second Exercise Period**" means the period commencing after the date of first (1st) anniversary of the date of issue of the Options and expiring on the Expiry Date (as defined below).

Exercise Date: The exercise date, in relation to the exercise of the Options, shall be the market day (falling within the Exercise Period) on which the applicable conditions referred to in the terms and conditions of the Options in the Subscription Agreement are fulfilled, or (if fulfilled on different days) on which the last of such conditions is fulfilled, provided that if any such day falls on a date when the register of members of the Company is closed, the exercise date shall be the following market day on which the register of members is open (the "**Exercise Date**").

The Options which are exercised shall be treated as exercised on the Exercise Date, and shall immediately thereafter be cancelled on the Exercise Date.

Expiry Date: Last day of the Exercise Period (the "**Expiry Date**").

Adjustments: The Exercise Price and number of Options are subject to certain anti-dilution adjustments under circumstances provided for in the Subscription Agreement. Such circumstances relate to, *inter alia*:

(a) an issue of shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not) to its Shareholders (other than an issue of shares to Shareholders who elect to receive shares in lieu of cash or other dividend);

(b) a Capital Distribution (as defined in the terms and conditions of the Options in the Subscription Agreement) made to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);

(c) an offer or invitation made to its Shareholders whereunder they may acquire or subscribe for shares by way of rights; or

(d) any share split, consolidation, reclassification or subdivision of the shares,

	subject to any exceptions as set out in the terms and conditions of the Options in the Subscription Agreement.
Notice of Expiry:	The Company shall, not later than one (1) month before the Expiry Date, announce the Expiry Date on the SGXNet. Additionally, the Company shall, not later than one (1) month before the Expiry Date, take reasonable steps to notify the Option Holder in writing of the Expiry Date and such notice shall be delivered personally or by post to the address of the Option Holder.
Alteration to Terms:	No material alteration to the terms of the Options after the issue thereof to the advantage of the Option Holder shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of Shareholders in general meeting has been sought. No modification or alteration shall materially adversely affect the rights attaching to any Option granted prior to such modification or alteration, except with the written consent of the Option Holders holding or representing not less than fifty per cent. (50%) of the Options for the time being unexercised.
Governing Law:	The Options and the terms and conditions of the Options shall be governed by and construed in accordance with the laws of the Republic of Singapore.

6.2. **Issue Size**

It is contemplated that after completion of the Proposed Transactions (resulting in the Enlarged Share Capital) and the full exercise of the Options, the Subscriber will hold such number of Shares (a) representing approximately 68.4% of the enlarged share capital of the Company (including the Option Shares but not taking into consideration the Proposed Rights Issue) (the "**Options Enlarged Share Capital**"); and (b) representing approximately 59.0% of the enlarged share capital of the Company, assuming the allotment and issue of the Rights Share upon the completion of the Proposed Rights Issue (on a fully subscribed basis) (the "**Rights Issue Enlarged Share Capital**").

The Company will provide more details to its Shareholders in due course following the finalisation of the terms of the Proposed Debt Restructuring (i.e. the settlement terms of the Proposed Scheme of Arrangement), including on the Subscription Price, the issue size of the Subscription Shares, the Options, the Option Shares, the Management Reward Shares, the RSM Shares, the percentage allocation of the use of proceeds from the Proposed Subscription and the financial effects of the Proposed Transactions.

The Option Shares when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the Option Shares.

6.3. **Authority to Issue the Option Shares**

The Company will be seeking specific Shareholders' approval for the Proposed Grant of Options and the allotment and issue of the Option Shares at an EGM to be convened pursuant to Rules 803, 805(1), 811(3), 812(2) and 824 of the Listing Manual.

6.4. **Use of Proceeds**

The amount of proceeds from the exercise of the Options issued pursuant to the Proposed Grant of Options is dependent on the number of Options validly exercised by the Subscriber and the relevant Exercise Period during which the Options were exercised.

Assuming that all the Options are validly exercised during the First Exercise Period, the aggregate gross proceeds from the allotment and issue of Option Shares will be S$7,500,000. Assuming that all the Options are validly exercised during the Second Exercise Period, the aggregate gross proceeds from the allotment and issue of Option Shares will be S$8,250,000.

Aside from administrative costs such as listing expenses involved in the allotment and issue of the Option Shares, no material expenses are expected to be incurred from the Proposed Grant of Options. Assuming that all the Options are validly exercised, the aggregate gross proceeds from the exercise of the Options shall be used for working capital for the Pro Forma Group and to fund the growth of the business of the Pro Forma Group.

Pending the deployment of the proceeds for its use, such proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

Periodic announcements on the utilisation of the proceeds will be made as and when such funds are materially disbursed, and a status report will be provided on the use of the proceeds from the Proposed Grant of Options (including a breakdown with specific details) in the interim and full year financial statements issued under Listing Manual and its annual reports. Where the proceeds are used for general working capital purposes, an announcement will be made with a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of the proceeds, an announcement will be made with the reasons for such deviation.

6.5. Rule 812 of the Listing Manual

As at the date of this announcement, the Subscriber does not belong to any of the categories of persons set out in Rule 812(1) of the Listing Manual. Accordingly, none of the Options will be placed to any person who is a Director or substantial Shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

6.6. No Placement Agent

There is no placement agent appointed for the Proposed Grant of Options. The Proposed Grant of Options will be by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Hence, no prospectus or offer information statement will be issued in connection with the Proposed Grant of Options.

7. THE PROPOSED ISSUE OF MANAGEMENT REWARD SHARES

7.1. Background and Rationale

As an incentive under the Service Agreements to be entered into between the Company and each member of the Key Management Team which shall take effect on the date of the completion of the Proposed Subscriber Transactions, the Company intends to issue the Management Reward Shares to the Key Management Team at the Subscription Price for each Management Reward Share. Such incentive is for the retention of the Key Management Team to continue managing the Company after completion of the Proposed Subscriber Transactions.

The Board is of the view that the Proposed Issue of Management Reward Shares will allow the Company to conserve its cash reserves and provide the Company with more working capital and greater financial flexibility to grow its business in a sustainable and viable manner.

7.2. Information on the Key Management Team

As at the date of this announcement, the Key Management Team is being finalised. The Company will provide more details of the Key Management Team to its Shareholders in due course.

7.3. **The Management Reward Shares**

The Management Reward Shares shall be issued at the Subscription Price for each Management Reward Share.

The Company will provide more details to its Shareholders in due course following the finalisation of the terms of the Proposed Debt Restructuring (i.e. the settlement terms of the Proposed Scheme of Arrangement), including on the Subscription Price, the issue size of the Subscription Shares, the Options, the Option Shares, the Management Reward Shares, the RSM Shares, the percentage allocation of the use of proceeds from the Proposed Subscription and the financial effects of the Proposed Transactions.

The Management Reward Shares, when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the Management Reward Shares.

7.4. **Issue size**

The Management Reward Shares to be allotted and issued by the Company will represent approximately 3.5% of the Enlarged Share Capital.

7.5. **Authority for the Proposed Issue of Management Reward Shares**

Pursuant to Rules 805(1) and 811(3) of the Listing Manual, the Company will be seeking specific Shareholders' approval for the Proposed Issue of Management Reward Shares at an EGM to be convened.

In the event that the Management Reward Shares are allotted and issued to any person belonging to any of the categories of persons set out in Rule 812(1) of the Listing Manual, the Company will seek specific and separate Shareholders' approval for the allotment and issue of the Management Reward Shares to such person.

7.6. **No placement agent**

There is no placement agent appointed for the Proposed Issue of Management Reward Shares. The Proposed Issue of Management Reward Shares will be by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Hence, no prospectus or offer information statement will be issued in connection with the Proposed Issue of Management Reward Shares.

8. THE PROPOSED ISSUE OF RSM SHARES

8.1. **Background and Rationale**

The Company intends to issue RSM Shares to RSM at the Subscription Price for each RSM Share, as payment of the fees due to RSM for advisory services rendered by RSM in connection with the Proposed Subscriber Transactions and the Proposed Debt Restructuring (but excluding the Proposed Scheme of Arrangement).

The Board is of the view that the Proposed Issue of RSM Shares will allow the Company to conserve its cash reserves and provide the Company with more working capital and greater financial flexibility to grow its business in a sustainable and viable manner.

8.2. **Information on RSM and Rule 812 of the Listing Manual**

RSM is a professional corporate advisory services firm incorporated in Singapore.

RSM has confirmed to the Company that:

(a) it is not related to the Subscriber, the Group, the Directors, substantial Shareholders or their respective associates, and it does not belong to any of the categories of persons under Rule 812 of the Listing Manual; and

(b) it is not acting in concert (as contemplated under the Code) with any persons pursuant to an agreement or understanding (whether formal or informal), to cooperate, through the acquisition by any of them of Shares, to obtain or consolidate effective control of the Company through the Proposed Issue of RSM Shares (including as contemplated in the Code).

8.3. **The RSM Shares**

The RSM Shares shall be issued at the Subscription Price for each RSM Share.

The Company will provide more details to its Shareholders in due course following the finalisation of the terms of the Proposed Debt Restructuring (i.e. the settlement terms of the Proposed Scheme of Arrangement), including on the Subscription Price, the issue size of the Subscription Shares, the Options, the Option Shares, the Management Reward Shares, the RSM Shares, the percentage allocation of the use of proceeds from the Proposed Subscription and the financial effects of the Proposed Transactions.

The RSM Shares, when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank pari passu with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the RSM Shares.

8.4. **Issue size**

The RSM Shares to be allotted and issued by the Company will represent approximately 7.0% of the Enlarged Share Capital.

8.5. **Authority for the Proposed Issue of RSM Shares**

Pursuant to Rules 805(1) and 811(3) of the Listing Manual, the Company will be seeking specific Shareholders' approval for the Proposed Issue of RSM Shares at an EGM to be convened.

8.6. **No placement agent**

There is no placement agent appointed for the Proposed Issue of RSM Shares. The Proposed Issue of RSM Shares will be by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Hence, no prospectus or offer information statement will be issued in connection with the Proposed Issue of RSM Shares.

9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

9.1. Save as disclosed in this announcement, none of the Directors and to the best of the knowledge of the Company, none of the controlling Shareholders have any interest, direct or indirect, in the Proposed Transactions and/or the Proposed Rights Issue, other than through their respective directorships and shareholdings in the Company, if any.

10. WHITEWASH WAIVER

10.1. Under Rule 14.1 of the Code, except with the consent of the SIC, where:

(a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; and

(b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert

with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares (including, where applicable, to make a general offer for the downstream companies held by such company) (a "**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

10.2. Assuming that the Options are exercised in full, the Subscriber will hold such number of Shares (a) representing approximately 68.4% of the Options Enlarged Share Capital; and (b) representing approximately 59.0% of the Enlarged Share Capital.

10.3. This triggers the requirement for the Subscriber to make a Mandatory Offer, unless a Whitewash Waiver is obtained from the SIC and approval of independent Shareholders is obtained for, *inter alia*, the Whitewash Resolution, at an EGM to be convened.

10.4. The Company will in due course submit an application to the SIC to seek the Whitewash Waiver for the Subscriber to make a Mandatory Offer as a result of the allotment and issue to the Subscriber of the Subscription Shares pursuant to the Proposed Subscription and the Option Shares pursuant to the exercise of all Options, to the Subscriber, and will make the necessary announcements upon receipt of the Whitewash Waiver from the SIC.

11. REGULATORY AND SHAREHOLDER APPROVALS REQUIRED

11.1. The Proposed Subscriber Transactions will be subject to several conditions, including but not limited to the Whitewash Waiver being granted by the SIC and the specific approval of shareholders for, *inter alia,* the Proposed Subscription, proposed allotment and issue of Subscription Shares pursuant to the Proposed Subscription, the Proposed Grant of Options, the proposed allotment and issue of Option Shares pursuant to the Options granted under the Proposed Grant of Options, the proposed transfer of controlling interest in the Company to the Subscriber, the Proposed Debt Restructuring (specifically the allotment and issue of the Settlement Shares), the Proposed Issue of Management Reward Shares, the Proposed Issue of RSM Shares, the Proposed Rights Issue and the approval of independent Shareholders for the Whitewash Resolution, at the EGM to be convened.

11.2. A circular to Shareholders containing, *inter alia*, further information on the Proposed Transactions and the Proposed Rights Issue, and the report from an independent financial adviser in relation to the Whitewash Waiver, together with the notice of the EGM, will be despatched to Shareholders in due course.

11.3. The Proposed Debt Restructuring and the Proposed Rights Issue shall be subject to relevant approvals from the regulatory authorities and the Shareholders. Details in relation to such transactions shall be provided in due course.

11.4. In addition, the Company will in due course apply to the SGX-ST for the listing and quotation of the (a) Subscription Shares; (b) Option Shares when issued pursuant to the full exercise of the Options; (c) Settlement Shares; (d) Management Reward Shares; (e) RSM Shares; and (f) Rights Shares, on the Mainboard of the SGX-ST, and will make the necessary announcements upon receipt of the approval in-principle of the SGX-ST for the listing and quotation of such shares.

11.5. The Company will also be submitting an application to the SGX-ST for the resumption of trading of the Shares on the SGX-ST.

12. DOCUMENTS AVAILABLE FOR INSPECTION

12.1. Copies of the Subscription Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 25 Bukit Batok Street 22, TEE Building, Singapore 659591 for a period of three (3) months commencing from the date of this announcement.

13. FURTHER ANNOUNCEMENTS

13.1. The Company will provide more details of the various corporate actions to its Shareholders in due course, including the Subscription Price, the issue size of the Subscription Shares, the Options, the Option Shares, the Management Reward Shares, the RSM Shares, the percentage allocation of the use of the net proceeds from the Proposed Subscription, and the financial effects of the Proposed Transactions.

13.2. Further, the Company will also make the requisite announcements in compliance with the requirements of the Listing Manual, when there are material developments in respect of the Proposed Transactions and the Proposed Rights Issue.

14. DIRECTORS' RESPONSIBILITY STATEMENT

14.1. 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 Subscriber Transactions, 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.

15. CAUTIONARY STATEMENT

15.1. Shareholders should note that the Proposed Transactions and the Proposed Rights Issue remain subject to, amongst others, the fulfilment of the conditions precedent under the definitive agreements entered into. **There is no certainty or assurance that the conditions precedent for the Proposed Transactions and the Proposed Rights Issue can be fulfilled or that the Proposed Transactions 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

Ong Beng Hong
Company Secretary

18 August 2022