



## TEE INTERNATIONAL LIMITED

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

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### DISPOSAL OF TEE HONG KONG LIMITED

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#### 1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) 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 (“**SPA**”) on 12 May 2021 with Yeung Kwok Ching (the “**Purchaser**”), pursuant to which the Company shall sell to the Purchaser the one (1) share comprising 100% of the issued and paid-up share capital (“**Share**”) of TEE Hong Kong Limited (the “**Target**”), the Company’s wholly-owned subsidiary, for a consideration of HK\$1.00 (equivalent to approximately S\$0.16) (the “**Consideration**”) (the “**Disposal**”).

All exchange rates used in this announcement are based on the illustrative exchange rate of S\$1.00 to HK\$6.25.

#### 2. INFORMATION ON THE TARGET

The Target is a private company incorporated in Hong Kong on 30 August 2012. As at the date of this announcement, the Target has an issued and paid-up share capital of HK\$1.00 comprising 1 share, held entirely by the Company. As at the date of this announcement, the Target is a wholly-owned subsidiary of the Company and is principally engaged in the business of mechanical engineering, electrical engineering, consultancy services and investment holding. The Target will cease to be a subsidiary of the Company following completion of the Disposal.

#### 3. INFORMATION ON THE PURCHASER

The Purchaser is a member of the management team of the Target and has been involved in the management of the Target’s business for eight years. Save for the foregoing, the Purchaser 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 Share is a nominal amount of HK\$1.00 (equivalent to approximately S\$0.16) (the “**Consideration**”).

The Consideration was arrived at on a willing-buyer willing-seller basis taking into account, amongst other things, the net tangible asset value of the Target, the past financial performance of the Target (including its net loss of HK\$0.7 million and net loss of HK\$0.2 million for the financial years ended 31 May 2020 and 31 May 2019, respectively), the prospects and challenges of the Target 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

Under the terms of the SPA, the Purchaser undertakes to take over all the business and legal obligations of the Target, including all business and legal obligations arising before and after the completion of the Disposal.

The completion of the SPA is conditional upon the Company having obtained all relevant corporate and regulatory approvals (if any) in respect of the Disposal.

#### 4.3. Completion

Subject to the fulfilment of the conditions precedent, the completion of the Disposal shall take place on or before 11 June 2021 (“**Closing Date**”) and at such time and place as may be mutually agreed by the Company and the Purchaser. On or before 10.00 a.m. on the Closing Date, the Company shall deliver or make available to the Purchaser the confirmation of the fulfilment of the conditions precedent.

On the Closing Date, the Company shall deliver or make available to the Purchaser the duly signed share certificate in respect of the Share for the transfer of the Share from the Company to the Purchaser and the Purchaser shall pay the Consideration to the Company.

### 5. **RATIONALE**

Taking into account the challenging industry developments and seeking to adopt a pro-active approach towards managing its business divisions, assets and investments, the Company considers it an opportune time to cease its operations in Hong Kong.

In connection with the above, one of the conditions of the SPA is that the Purchaser shall undertake to take over all the business and legal obligations of the Target whether or not such business and legal obligations arise before or after the completion of the Disposal.

Having regard to the terms of the Disposal, the Board believes that the Disposal is in the best interests of the Company and the Shareholders.

### 6. **USE OF PROCEEDS**

As the net proceeds from the Disposal is only HK\$1.00 (equivalent to approximately S\$0.16), it is not meaningful to discuss the use of proceeds from the Disposal.

### 7. **FINANCIAL INFORMATION**

#### 7.1. Book value or net tangible assets value of the Target

Based on the Group’s latest announced unaudited consolidated financial statements for the third quarter ended 28 February 2021, the book value or net tangible assets value of the Target is S\$0.4 million.

## 7.2. Deficit of the proceeds over the book value

Based on the Group's latest announced unaudited consolidated financial statements for the third quarter ended 28 February 2021, there is a deficit of HK\$2.4 million (equivalent to approximately S\$0.4 million) 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 the Target) of approximately HK\$2.4 million (equivalent to approximately S\$0.4 million).

# 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 statements of the Group for the financial year ended 31 May 2020;
- (b) the *pro forma* financial effects of the 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 31 May 2020; 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 2019.

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 Proposed Disposal	After completion of the Proposed Disposal
Consolidated NTA attributable to the shareholders (S\$'000)	22,167	21,748
Number of shares ('000)	646,882	646,882
Consolidated NTA per share attributable to the shareholders (cents)	3.43	3.36

## 8.3. LPS per share

	Before the Proposed Disposal	After completion of the Proposed Disposal
Consolidated loss after taxation and minority interest (S\$'000)	59,554	60,158

	Before the Proposed Disposal	After completion of the Proposed Disposal
Weighted average number of shares ('000)	646,882	646,882
Consolidated loss per share (cents)	9.21	9.30

## 9. DISCLOSABLE TRANSACTION

Based on the Groups' unaudited consolidated financial statements for the third quarter ended 28 February 2021, the relative figures for the Disposal, as computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") are as follows:

Bases in Rule 1006		Relative figure
(a)	Net asset value of the Target S\$0.41 million, compared with the Group's net asset value as at 28 February 2021 S\$16.5 million	2.5% <sup>(1)</sup>
(b)	Net loss <sup>(2)</sup> of S\$0.05 million attributable to the Target, compared with the Group's net loss as at 28 February 2021 of S\$4.5 million	1.1% <sup>(3)</sup>
(c)	Aggregate value of the consideration received from the Disposal compared with the Group's market capitalisation of S\$21.0 million	0.0008% <sup>(4)</sup>
(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.
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A.

### Notes:

- (1) Based on the Group's latest announced unaudited consolidated financial statements for the third quarter ended 28 February 2021, the net asset value of the Group was approximately S\$16.5 million. Based on the NTA of the Target as set out in Section 7.1 of this announcement, the net asset value attributable to the Target is approximately S\$0.41 million.
- (2) "Net loss" means loss before income tax, minority interests and extraordinary items.
- (3) Based on the Group's latest announced unaudited consolidated financial statements for the third quarter ended 28 February 2021, the net loss of the Group was approximately S\$4.5 million and the net loss attributable to the Target is S\$0.05 million.
- (4) The Consideration for the Disposal is HKD\$1. The Company's market capitalisation is approximately S\$21.0 million, computed on the basis of 646,882,476 ordinary shares in issue (excluding treasury shares) and the weighted average price of S\$0.0325 per share transacted on 11 May 2021 being the last market day preceding the date of the SPA.

None of the relative figures calculated on the Rule 1006 bases exceed 5%. However, pursuant to Paragraph 4.1 of Practice Note 10.1 of the Listing Manual, the relative figure under Rule 1006(b) is a negative figure. The Group is expected to record a loss on disposal of S\$0.4 million constituting 9.3% of the consolidated net loss of the Company. Accordingly, the Disposal falls under the scenarios provided for in Paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual and the Disposal constitutes a "disclosable transaction".

## 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  
Joint Company Secretary  
12 May 2021