



TEE INTERNATIONAL LIMITED

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

PROPOSED DISPOSAL OF A SUBSIDIARY

A. INTRODUCTION

1. The board of directors (the “**Board**”) of TEE International Limited (the “**Company**”, and with its subsidiaries, the “**Group**”) wishes to announce that the Company’s subsidiary incorporated in the Republic of Singapore, TEE Infrastructure Private Limited (“**TEE Infra**”), has entered into a conditional sale and purchase agreement dated 30 April 2020 (the “**CSPA**”) with Sustainable Waste Management Holdings Pte. Ltd. (the “**Purchaser**”), for the proposed disposal by TEE Infra (the “**Proposed Disposal**”) of the assets defined in paragraph A2 below (the “**Sale Assets**”), for the consideration of S\$1,850,000 (the “**Sale Assets Consideration**”) which comprises:
 - (a) a sum of approximately S\$1,285,000, for the Sale Shares (as defined below); and
 - (b) a sum of approximately S\$565,000, for the Accounts Receivables (as defined below).
2. The Sale Assets comprises the following:
 - (a) Sale Shares, comprising (i) 100,000 shares issued in the share capital of Arrow Waste Management Pte. Ltd. (“**AWM**”), representing 100% of the issued and paid-up share capital of AWM (the “**Existing Shares**”); and (ii) new shares in AWM that will be issued to TEE Infra as fully paid shares following the capitalisation of certain sums due and owing from AWM to TEE Infra; and
 - (b) Accounts Receivables, being the sum of approximately S\$565,000, which is due and payable by AWM to TEE Infra.

B. RATIONALE FOR THE PROPOSED DISPOSAL

AWM is a limited liability company incorporated in the Republic of Singapore. The principal activities of the company are those of the treatment and disposal of waste. With the Proposed Disposal, the Company wishes to redistribute its resources to enable TEE Infra to concentrate on developing its general waste business, and to help TEE Infra to strategically move up the value chain and further expand its material recovery and recycling business.

C. CONSIDERATION

1. The Sale Assets Consideration shall be payable upon the completion of the Proposed Disposal in accordance with the CSPA (“**Completion**”) and the Company will cease to own the Sale Assets. The completion date of the Proposed Disposal (the “**Completion Date**”) is expected to take place on or about 29 May 2020 or such other date as TEE Infra and the Purchaser may agree.

2. The Sale Assets Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing-seller basis and after taking into account, *inter alia*, the expenses and development costs incurred to date by AWM.
3. Pursuant to the terms of the CSPA, the Sale Assets Consideration shall be satisfied in the following manner:
 - (i) the Purchaser shall pay to a third-party Payee (as defined in the CSPA), an amount equal to the Payees' Fees (as defined in the CSPA) at Completion;
 - (ii) the Purchaser shall pay, or undertake to pay, to the Purchaser's related corporation on TEE Infra's behalf, an amount equal to the Refundable Deposit (as defined in the CSPA), which has become refundable by TEE Infra to the Purchaser's related corporation under a Refundable Deposit Agreement (as defined in the CSPA); and
 - (iii) the Purchaser shall pay to TEE Infra, the remaining amounts of the Sale Assets Consideration (after deducting the payments referred to in paragraphs (i) and (ii) above) at Completion.
4. The net loss attributable to the Sale Assets is S\$1,700,000 and the Company expects the gain on the disposal of the Sale Assets will be S\$1,601,000 for the 9-month period ended 29 February 2020 ("9MFY2020").
5. The Proceeds from the Proposed Disposal will be used for general working capital.
6. The Completion is expected to take place upon fulfilment of customary conditions precedent, including the following:
 - (i) the representations and warranties of TEE Infra in the CSPA, as at the date of the CSPA, being true in all material respects on and as of the Completion Date with the same force and effect as though made on and as of the Completion Date;
 - (ii) there being no Material Adverse Change (as defined in the CSPA), or the occurrence of an event having a Material Adverse Effect and/or no occurrence of any event, nor the discovery of any fact, that would constitute a breach of any of the provision of the CSPA and/or that would result in a Material Adverse Change and/or have a Material Adverse Effect;
 - (iii) obtaining the approval(s) from the relevant Government Agencies (as defined in the CSPA) (if required) for the sale of the Sale Shares by TEE Infra to the Purchaser as contemplated pursuant to the terms of the CSPA, in such form as may be acceptable to the Purchaser;
 - (iv) TEE Infra and/or the Company obtaining the approval of its shareholders at an extraordinary general meeting for the sale and purchase of the Sale Assets and the transactions contemplated by the CSPA, if required by the SGX-ST and/or the Listing Manual;
 - (v) the forms of a discharge and release deed, tripartite agreement and deed of assignment being agreed, and copies of such forms being delivered to the Purchaser; and
 - (vi) the delivery of certified true copies of duly executed novation and termination deeds, to the Purchaser.

D. PROPOSED DISPOSAL AS A DISCLOSEABLE TRANSACTION

1. The computation of the relative figures under Rule 1006 of the Listing Manual are based on the latest unaudited consolidated financial statements of the Group for 9MFY2020 and are as follows:

Rule 1006	Basis	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. ⁽¹⁾	(6.1)%
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss. ⁽²⁾	15.1% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. ⁽³⁾	11.9%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue. ⁽⁴⁾	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount. ⁽⁵⁾	Not applicable

Notes:

- (1) Based on Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities. The net liability of the Sale Assets is S\$2,373,000 as at 29 February 2020, compared to the Group's net asset value of S\$39,123,000 as at 29 February 2020.
- (2) Based on Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The net loss attributable to the Sale Assets is S\$1,700,000 for 9MFY2020, compared with the Group's net loss of S\$11,255,000 for 9MFY2020.
- (3) The Company's market capitalisation is determined by multiplying the number of ordinary shares in the capital of the Company ("**Shares**") in issue (being 646,882,476 Shares (excluding 1,270,400 treasury shares)) by the volume-weighted average price of the Shares (being S\$0.024 transacted on 29 April 2020 (being the last Market Day on which Shares were traded preceding the date of the CSPA)).
- (4) Not applicable as there is no acquisition by the Company.
- (5) Not applicable as the Company is not a mineral, oil and gas company.
2. Although none of the relative figures as computed on the basis as set out in Rule 1006 of the Listing Manual exceed 20%, the relative figure computed under Rule 1006(a) of the Listing Manual is a negative figure and pursuant to Rule 1007(1) of the Listing Manual, the Company will be consulting the SGX-ST to ascertain whether the Company is required to seek the approval of its shareholders at a general meeting for the Proposed Disposal. Subject to the foregoing, as one or more of the relative figures computed on the basis set out under Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal would otherwise be considered a Disclosable Transaction as defined under Chapter 10 of the Listing Manual, which is not subject to the approval of Shareholders in General Meeting. The Company will update the Shareholders of the Company when it receives the final ruling from SGX-ST.

E. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal are for illustrative purposes only and the pro forma financial effects have been prepared based on audited consolidated financial statements of the Group for the financial year ended 31 May 2019 ("**FY2019**"), being the most recently completed financial year, and on the following key bases and assumptions:

- (a) for the purposes of illustrating the financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per Share of the Group, it is assumed that the Proposed Disposal had been completed on 31 May 2019;
- (b) for the purposes of illustrating the financial effects of the Proposed Disposal on the Loss per Share ("**LPS**") of the Group, it is assumed that the Proposed Disposal had been completed on 1 June 2018; and
- (c) the NTA per Share is computed based on the 646,882,476 Shares (excluding 1,270,400 treasury shares) in issue as at 31 May 2019, and the LPS of the Group is computed based on the weighted average number of 554,077,058 Shares (excluding 1,270,400 treasury shares) Shares in issue for FY2019.

For the avoidance of doubt, these pro forma financial effects do not take into account (i) any corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 June 2019.

(1) <u>NTA</u>	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	80,871	80,772
NTA per share (cents)	12.50	12.49
(2) <u>LPS</u>	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to shareholders (S\$'000)	18,173	18,272
LPS (cents)	3.28	3.30

F. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

G. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal.

H. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the CSPA will be made 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 months commencing from the date of this announcement.

I. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when trading in the Company's shares. The Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions precedent set out above. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders who are in doubt as to the action they should take, should consult their legal, financial, tax or other professional advisers.

By Order of the Board
TEE International Limited

Saw Chin Choo
Executive Director
30 April 2020