



TEE INTERNATIONAL LIMITED

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

ENTRY INTO NON-BINDING TERMSHEET WITH INVESTORS

1. INTRODUCTION

1.1. 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 the Company on 27 January 2022 entered into a non-binding termsheet (the “**Termsheet**”) with Chong Sin Kiong (“**Mr. Chong**”) and Tan Keng Soon (“**Mr. Tan**” and together with Mr. Chong, the “**Investors**”), pursuant to which the Company and the Investors have agreed that subject to the definitive agreements relating to the Proposed Investor Transactions (as defined below) (the “**Definitive Agreements**”) being executed by the parties thereto (the “**Parties**”) on terms to be mutually agreed, and the other terms and conditions to be set out therein, the Company and the Investors will undertake the following transactions in connection with the Debt Restructuring Exercise (as defined below):

- (a) the subscription by the Investors of S\$7.0 million (the “**Subscription Amount**”) in new ordinary shares of the Company (“**Shares**”) (the “**Subscription Shares**”) (the “**Proposed Subscription**”);
- (b) the grant by the Company to the Investors of options to require the Company to allot and issue new Shares (the “**Investor Option Shares**”) worth up to S\$7.0 million to the Investors and/or their designated nominees (the “**Investor Options**”) (the “**Proposed Grant of Investor Options**”).

collectively, the “**Proposed Investor Transactions**”.

1.2. Together with the Proposed Investor Transactions, it is contemplated that the Company and its wholly-owned subsidiary, PBT Engineering Pte. Ltd. (“**PBT**”), will undertake a debt restructuring exercise for the settlement of their current unsecured financial liabilities (the “**Debt Restructuring Exercise**”) by way of a schemes of arrangement to be approved by the creditors of the Company (the “**Company Scheme**”) and PBT (the “**PBT Scheme**”) and sanctioned by order of the High Court of Singapore (“**Court**”), such settlement being contemplated to be satisfied via issue of new Shares (the “**Settlement Shares**”) and/or payment in cash (the “**Proposed Schemes of Arrangement**”).

2. INFORMATION ON THE INVESTORS

As at the date of this announcement, Mr. Chong is a Singapore permanent resident and is the founder and Managing Director of Wah Loon Group of Companies (“**Wah Loon**”), an integrated provider of mechanical and electrical engineering (“**M&E**”) services across various industries and business segments. Mr. Chong has more than 35 years of experience in the construction (M&E) industry and has been instrumental in spearheading Wah Loon’s expansion to becoming a major player in the region. It was under Mr. Chong’s leadership that Wah Loon expanded into Malaysia and increased the business opportunities to cover a diversified revenue streams for the Group.

Mr. Chong's expertise and contributions to the Construction Industry has been recognised by his peers and he led Wah Loon to win the prestigious Enterprise 50 Awards organised by KPMG and Business Times consecutively for 3 years with ranking from 38th position in 2009, 10th position in 2010 and eventually 1st position in 2011.

Mr. Chong is enthusiastic in community services and also actively contributes to the community as a Grassroots Leader, and has been appointed by the People's Association as a Patron of Punggol Vista Community Centre and Punggol West Citizen's Consultative Committee since July 2015. Mr. Chong was awarded a public service medal (Pingat Bakti Masyarakat) in 2019 in recognition of his contributions.

Wah Loon has provided services to the Group as sub-contractors in relation to certain engineering projects, and has also taken over by way of novation certain projects from the Company's subsidiary, Trans Equatorial Engineering Pte. Ltd., which is currently being placed in creditors' voluntary liquidation.

As at the date of this announcement, Mr. Tan is a Singapore citizen and is a co-founder and Managing Partner of Dymon Asia Capital (S) Pte Ltd.

To the best of the Company's knowledge, the Investors are unrelated to each other.

As at the date of this announcement, none of Investors (a) holds any Shares; or (b) is related to any of the Directors, substantial shareholders of the Company, or their respective associates. Save as disclosed above, there is also no connection (including business relationship) between any of the Investors and the Directors or substantial shareholders of the Company.

3. SALIENT TERMS OF THE TERMSHEET

3.1. Proposed Subscription

The Investors shall invest and subscribe for an aggregate amount of S\$7.0 million in Subscription Shares, with the breakdown as follows:

Investor	Subscription Amount (S\$ million)
Mr. Chong	6.02
Mr. Tan	0.98
TOTAL	7.00

The S\$7.0 million proceeds from the Proposed Subscription (after deduction of expenses) shall be used for working capital purposes of the Group and to fund the growth of the Group's businesses following the completion of the Debt Restructuring Exercise.

Subject to the finalisation of the Proposed Schemes of Arrangement, it is contemplated that Mr. Chong and Mr. Tan will hold approximately 43.1% and approximately 7.0%, respectively, of the enlarged share capital of the Company following the issue of (i) the Subscription Shares, (ii) the Settlement Shares, (iii) the Management Reward Shares (as defined below) and (iv) the new Shares to be issued to RSM Corporate Advisory Pte. Ltd. ("**RSM**") in consideration of advisory services rendered in connection with the Proposed Investor Transactions and the Debt Restructuring Exercise (the "**Professional Fees Shares**"). For the avoidance of doubt, this enlarged share capital (the "**Enlarged Share Capital**") does not take into consideration the issue of Investor Option Shares or any new Shares pursuant any other corporate transactions that may be contemplated.

3.2. Proposed Grant of Investor Options

In connection with the Proposed Subscription, the Investors shall be granted the Investor Options to require the Company to allot and issue Investor Option Shares worth up to S\$7.0 million to the Investors and/or their designated nominees.

The Investor Options shall be exercisable for a period of three (3) years from the date of completion of the Proposed Investor Transactions ("**Completion**"). The exercise price of the Investor Options (the "**Exercise Price**") shall be (a) the subscription price for each Subscription Share (the "**Subscription Price**") for the first 12 months from Completion, and (b) at a premium of 10% to the Subscription Price thereafter.

The aggregate number of Investor Option Shares each Investor (or his designated nominee(s)) shall be entitled to subscribe for pursuant to the exercise of his Investor Options shall be calculated by dividing his respective Subscription Amount (as set out in paragraph 3.1) by the applicable Exercise Price.

The S\$7.0 million proceeds from the full exercise of the Investor Options (after deduction of expenses) shall be used to fund the future growth of the Group.

Subject to the finalisation of the Proposed Schemes of Arrangement and assuming that each Investor subscribes for his full entitlement of Investor Option Shares, it is contemplated that Mr. Chong and Mr. Tan will hold (a) approximately 56.9% and approximately 9.2%, respectively, of the Enlarged Share Capital assuming the full exercise of the Investor Options (the "**Further Enlarged Share Capital**"), if the Investor Options are fully exercised within the first 12 months from Completion; and (b) approximately 55.9% and approximately 9.1%, respectively, of the Further Enlarged Share Capital, if the Investor Options are fully exercised thereafter.

3.3. Management Reward Shares

As a condition to the Proposed Investor Transactions, the Company shall enter into service agreements ("**Service Agreements**") with certain key management personnel (the "**Key Management Team**") for a period of two (2) years from Completion.

In connection therewith, the Key Management Team shall be issued fully-paid new Shares (the "**Management Reward Shares**"), the allocation of which shall be at the discretion of the Remuneration Committee of the Company, equivalent to not more than 3.5% of the Enlarged Share Capital within one (1) month from Completion (the "**Proposed Issue of Management Reward Shares**").

Subject to the finalisation of the Proposed Schemes of Arrangement, it is contemplated that the Key Management Team will collectively hold (a) not more than 2.4% of the Further Enlarged Share Capital, if the Investor Options are fully exercised within the first 12 months from Completion; and (b) not more than 2.5% of the Further Enlarged Share Capital, if the Investor Options are fully exercised thereafter.

3.4. Conditions precedent

Completion of the Proposed Investor Transactions is conditional upon, amongst others, the following (the "**Conditions**"):

- (a) satisfactory completion of the due diligence by each Investor on the Group;
- (b) the terms and conditions of the Debt Restructuring Exercise, including the Company Scheme and the PBT Scheme, being satisfactory to each Investor;

- (c) the Debt Restructuring Exercise not having been suspended or terminated;
- (d) as part of the Debt Restructuring Exercise, (i) the requisite approvals of the Company Scheme having been duly obtained (and such approvals not having been revoked) and the Company Scheme having been sanctioned by the Court; and (ii) either (A) the requisite approvals of the PBT Scheme having been duly obtained (and such approvals not having been revoked) and the PBT Scheme having been sanctioned by the Court, or (B) the commencement of liquidation proceedings of PBT on terms satisfactory to the Investors in their absolute discretion;
- (e) the submission of a proposal for the resumption of trading of the Shares on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) taking into account, amongst others, the Proposed Investor Transactions and the Debt Restructuring Exercise (the “**Resumption Proposal**”), and receipt of a no-objection letter from the SGX-ST on the same;
- (f) (i) the grant (and not having revoked or repealed such grant) by the Securities Industry Council of Singapore (the “**SIC**”) to the Investors of (A) a waiver of any obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) for the Shares, in connection with the issue of the Subscription Shares and Investor Option Shares (the “**Whitewash Waiver**”), and (B) a ruling that Mr. Chong and Mr. Tan shall not be regarded as, or presumed to be, parties acting in concert for the purposes of the Code, in each case on terms and conditions satisfactory to the Investors; and (ii) the Company obtaining an opinion by an independent financial adviser to be appointed by the Company that the terms of the Proposed Investor Transactions are fair and reasonable;
- (g) the approval of the shareholders of the Company (the “**Shareholders’ Approval**”) being obtained at an extraordinary general meeting to be convened (the “**EGM**”) for, amongst others, the Proposed Investor Transactions, the Proposed Issue of Management Shares, the allotment and issue of the Professional Fees Shares and Settlement Shares, the resolutions for the Whitewash Waiver and transfer of controlling interest to the Investors (the “**Proposed Resolutions**”);
- (h) the execution of the Service Agreements;
- (i) the successful extension of the lease for the TEE Building for a further 30 years commencing from 1 May 2022;
- (j) the receipt of all necessary governmental and regulatory approvals, consents and permits (including but not limited to the in-principle approval of the SGX-ST for the listing and quotation of the new Shares proposed to be issued pursuant to and in connection with the Proposed Investor Transactions and the Debt Restructuring Exercise), and third party approvals, consents and waivers as may be required for the purposes of and in connection with the Proposed Investor Transactions and the Debt Restructuring Exercise;
- (k) the Group being able to continue operations and trading for at least 24 months from the completion of the Debt Restructuring Exercise, based on the existing business conditions and level of commercial activities;
- (l) such other condition(s) precedent as the Company and the Investors may agree to be included in the Definitive Agreements.

3.5. Undertakings

The Company undertakes to the Investors, amongst others, that it shall or shall procure (as the case may be):

- (a) that pending the completion of the Debt Restructuring Exercise, the Group does not incur any additional interest-bearing debts (other than trade debts arising in the ordinary course of business) with repayment commitments that significantly increase the cash flow requirements of the Group;
- (b) an irrevocable undertaking from the majority shareholder of the Company to vote in favour of the Proposed Resolutions and such other resolutions as required to be tabled at the EGM in connection with and for the purposes of the Proposed Investor Transactions and/or the Debt Restructuring Exercise;

Each Investor undertakes to the Company, amongst others, that he shall provide assurance and confirmation to the Company of availability of funds to proceed to Completion.

3.6. Representations and warranties

Each Party shall provide such representations and warranties as are customary in each capacity for transactions of the nature of the Proposed Investor Transactions.

4. **RATIONALE FOR THE PROPOSED INVESTOR TRANSACTIONS**

The Company's 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.

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 intends 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 for the Company and its wholly-owned subsidiaries (save for Trans Equatorial Engineering Pte. Ltd. which, as announced on 13 January 2022, has been placed in creditors' voluntary liquidation) up to 31 March 2022.

In connection with the above and to strengthen its financial position, the Group has 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. To that end, the Company has in consultation with RSM and its other professional advisers assessed various options and investment proposals, resulting in the decision to proceed with, amongst others, the Proposed Investor Transactions and the Debt Restructuring Exercise.

Pursuant to the considerations above, the Company is of the view that the investment by the Investors through the Proposed Investor Transactions is beneficial to the Company and the Group as the Proposed Investor Transactions, if entered into, will allow for certainty of funding for the Group's working capital requirements following the Debt Restructuring Exercise, which is vital for the continuity of the Company as it will allow the Group to access funds to improve its cashflows and continue as a going concern, and upon the exercise of the Investor Options, the Company will also have further access to funds for the future growth and expansion of the Group.

5. APPROVALS REQUIRED

The Proposed Investor Transactions will be subject to several conditions precedent, including but not limited to the Whitewash Waiver being granted by the SIC, the Resumption Proposal being approved by SGX-ST, and the Shareholders' Approval.

In the event that the Company proceeds with the Proposed Investor Transactions, the Company will be seeking the Shareholders' Approval at an EGM to be convened by the Company in compliance with the Listing Manual of the SGX-ST.

Other transactions contemplated under the Termsheet such as the Proposed Schemes of Arrangement and the Proposed Issue of Management Reward Shares shall also be subject to relevant approvals from the regulatory authorities, creditors and/or the shareholders of the Company as required. Details in relation to such transactions shall be provided in due course.

6. FURTHER ANNOUNCEMENTS

Further announcements will be made in relation to the Proposed Investor Transactions (and any ancillary matters thereto) by the Company via SGXNET as and when there are any material developments.

7. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Investor Transactions remain subject to, amongst others, the negotiation and execution of the Definitive Agreements. **There is no certainty or assurance that the Definitive Agreements will be entered into, that the conditions precedent for the Proposed Investor Transactions can be fulfilled, that the terms and conditions of the Proposed Investor Transactions will not differ from those set out in the Termsheet, or that the Proposed Investor Transactions will be undertaken at all.** Although the Company's Shares are under suspension, shareholders, securityholders and investors 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 investors 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
TEE INTERNATIONAL LIMITED

Ong Beng Hong
28 January 2022