



TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)

(Company registration number 200007107D)

**EXPANSION OF TEE GROUP INFRASTRUCTURE BUSINESS
- PROPOSED ACQUISITION OF MAJORITY STAKE IN CHIANG KIONG GROUP, BEING ONE OF
SINGAPORE'S LEADING INDUSTRIAL AND COMMERCIAL ENVIRONMENTAL SERVICES
PROVIDER FOR RELIABLE WASTE AND RECYCLING MANAGEMENT**

I. INTRODUCTION

The Company (through its wholly owned subsidiary, TEE Infrastructure Private Limited ("**TEE Infrastructure**")) has entered into an option agreement to acquire the shares of:

- (a) Chiang Kiong Environmental Pte. Ltd. ("**Chiang Kiong Environmental**"), which in turn owns Chiang Kiong Resources (Paper) Pte. Ltd.; and
- (b) Envotek Engineering Pte. Ltd. ("**Envotek Engineering**"),

(collectively "**Chiang Kiong Group**") from Messrs Tan Chin Kiong and Tan Chiang Leong.

Messrs Tan are independent third parties and not related to any director, officer or controlling shareholder of the Company and its subsidiaries (collectively "**TEE Group**").

II. PROPOSED ACQUISITION

If the option is exercised by the Company subsequent to satisfactory due diligence, the consideration payable by the Company on completion for its majority 50.1% stake of Chiang Kiong Group will be S\$9,268,500.

The balance 49.9% will be acquired by two independent business associates of the Company for S\$9,231,500, concurrent with the Company's acquisition.

Chiang Kiong Group is therefore valued at an aggregate S\$18,500,000, which was arrived at pursuant to arm's length negotiations on a willing-buyer-willing-seller basis after taking into account its financial position and prospects.

Assuming the Company exercises its option, completion is expected to take place on 29 December 2017.

III. CHIANG KIONG GROUP

Chiang Kiong Group has been established since 1996 and is one of Singapore's leading industrial and commercial environmental services provider for reliable waste and recycling management with advanced integrated waste management and environmental solutions facilities. Amassing over 20 years of experience in both the private and public sectors, it offers a wide range of customisable services, from collection, transportation, disposal management to recycling capabilities. Chiang Kiong Group comprises Chiang Kiong Environmental as well as its engineering arm Envotek Engineering, which is a fully integrated engineering company offering top of the line waste management products and services that are complementary to the main business. Chiang Kiong Environmental has a wholly-owned subsidiary – Chiang Kiong Resources – which aims to create synergies from recovering recyclables.

Boasting a committed team of over 400 individuals, a 500 strong fleet of state-of-the-art equipment, as well as an in-house engineering arm, Chiang Kiong Group is dedicated and effectively equipped to push the boundaries of technology and service to become one of the most efficient, accessible and advanced service providers in Singapore's waste management sector.

Based on their audited accounts for the financial years ended 31 December (“FY”) 2015 and FY2016, Chiang Kiong Environmental Pte Ltd had a consolidated net profit after tax of S\$7,992,000 for FY2015 and S\$2,361,000 for FY2016 and Envotek Engineering had a net profit after tax of S\$29,000 for FY2015 and S\$608,000 for FY2016.

IV. RATIONALE

The proposed acquisition is complementary to the infrastructure business of the Company, currently carried on by TEE Infrastructure, which looks to deploy its resources into recurring income assets in the Power, Water and Environmental space.

This acquisition is a strategic investment that is in-line with TEE Infrastructure’s overarching strategy to develop capabilities along the infrastructure value chain. As one of Singapore’s leading industrial and commercial environmental services provider for reliable waste and recycling management, acquiring Chiang Kiong Group would put TEE Infrastructure in good stead to explore other complementary infrastructure businesses in the future.

In addition, this acquisition is in-line with TEE Infrastructure’s business expansion plans for the Southeast Asia region, which are coupled with the mandate that assets have environmentally-friendly attributes. This acquisition would also provide another recurring income revenue stream for TEE Infrastructure.

V. FUNDING

The Company expects to fund the acquisition from its internal resources as well as external funding.

VI. FINANCIAL EFFECTS

The proforma financial effects of TEE Group after completion as set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of TEE Group following completion, nor a projection of the future financial performance or position of TEE Group after completion.

The proforma financial effects of completion are based on the Company's audited financial statements for the financial year ended 31 May 2017 ("**FY2017**") and the following assumptions:

- (a) completion had taken place on 31 May 2017 for purposes of the financial effect on the net asset value ("**NAV**") per share; and
- (b) completion had taken place on 1 June 2016 for purposes of the financial effect on the loss per share.

NAV per Share

	Before Completion	After Completion
NAV (S\$'000)	95,610	104,103
Number of issued shares (excluding treasury shares)	501,952,639	501,952,639
NAV per share (Singapore cents)	19.0	20.7

Loss per share

	Before Completion	After Completion
Loss attributable to owners of the Company (S\$'000)	(1,569)	(193)
Weighted average number of ordinary shares (excluding treasury shares)	502,361,650	502,361,650
Loss per share (Singapore cents)	(0.31)	(0.04)

VII. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the proposed acquisition computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated of TEE Group for the three months ended 31 August 2017 are as follows:

Rule 1006	Bases	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profit	-176% ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	9.2% ⁽²⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	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 asset	Not applicable

Notes:

- (1) "Net profits" means profit before income tax, minority interests and extraordinary items.

Based on the net profits attributable to Chiang Kiong Group of S\$1,026,000 (50.1% equity interest) for the period from June to August 2017, and the loss attributable to TEE Group for the first quarter three months' period ended 31 August 2017 of S\$584,000.

- (2) Based on the market capitalisation of the Company of approximately S\$100,391,000 (determined by multiplying the existing number of shares in issue by S\$0.20, being the weighted average price of the Company's shares transacted on 3 November 2017, being the last full market day preceding the date of this announcement where the Company's shares were traded).

Pursuant to Rule 1014(2) of the Listing Manual, the proposed acquisition is an acquisition of a profitable asset and since the only limit breached is Rule 1006(b) of the Listing Manual, shareholders' approval is not required for the proposed acquisition.

VIII. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company have any interest in the proposed acquisition, save as shareholders of the Company.

IX. CAUTIONARY STATEMENT

Shareholders should be cautioned that there is no certainty that the Company will exercise its option and proceed with the proposed acquisition, as this is dependent on the results of the Company's due diligence into the Chiang Kiong Group.

Shareholders and potential investors should therefore exercise caution when trading or dealing in the shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

X. DOCUMENT FOR INSPECTION

A copy of the option agreement is available for inspection at the Company's registered office at 25 Bukit Batok Street 22 TEE Building, Singapore 659591 for a period of three (3) months from the date of this announcement.

By Order of the Board

Phua Boon Kin
Deputy Group Managing Director
6 November 2017