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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION IN RELATION TO THE COMPANY'S ANNOUNCEMENT DATED 12 MAY 2023 ON THE COMPANY'S HALF-YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

The Board of Directors (the "**Directors**" or the "**Board**") of TEE International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to respond to the following queries raised by Singapore Exchange Regulation ("**SGX RegCo**") on 25 May 2023 in relation to the Company's announcement dated 12 May 2023 on the Company's half-year financial statements for the financial period ended 31 March 2023 (the "**Announcement**").

Query Number 1

It is disclosed that the Financial guarantee liabilities pertain to corporate guarantee issued to counterparties for performance bonds and claims made against certain former subsidiaries. Please provide a breakdown of these material guarantee liabilities and explain the increase to S$100.4 million from S$98.6 million compared to the financial period ending in 30 September 2022, and whether this is due to the call on any performance bonds, and if so, to which former subsidiary or subsidiaries of the Company.

Company's Response

Please see below the breakdown for further details:

	30 September 2022 Audited	30 March 2023 Unaudited	Increase/ (Decrease)	Remarks
	S$'000	S$'000	S$'000	
Insurers	8,875	15,886	7,011	No performance bonds have been called. Additional provision has been made in conjunction with the claims adjudicated by the Scheme Manager, in connection with the Scheme of Arrangement of the Company (the "**TIL Scheme**") and taking into consideration the potential exposure on liabilities and contingent liabilities.
Banks	29,863	27,149	(2,714)	Adjustments made according to the claims adjudicated by the Scheme Manager.
Customers	59,880	57,404	(2,476)	
	98,618*	**100,439**	**1,821**	

**As disclosed in Response to SGX Queries dated 5 December 2022, in relation to the Company's announcement dated 28 November 2022 on the Company's condensed financial statements for the full year ended 30 September 2022.*

Query Number 2

Please explain why the Company has now written back the entire amount of S$23.8 million owed to disposed subsidiary PBT Engineering Pte Ltd ("**PBT**"), when the Board had justified the low selling price of the subsidiary for a minimal value of S$18,000 on the representation in the Circular for Disposal of PBT to shareholders announced on 4 February 2023. The Company disclosed that PBT was valued at S$18,000, inter alia, due to the net liability position of PBT due to the impairment losses of S$24.2 million due from the Company to PBT. Why had the Board not negotiated for this to be written off when it priced the sale consideration on that basis? Please justify how the Board had acted in the best interest of the Company and its shareholders in respect of the low consideration price of only S$18,000 and the requirement for the liabilities to still have to be repaid by the Company to PBT. Please also disclose whether the Company had collected the amount owing from PBT to the Company.

Company's Response

The amount due to PBT has been reclassified and recognised as amount due to former subsidiaries (considered as a third-party payable) in the financial period ended 31 March 2023 as a result of the completion of the disposal of PBT. The amount is no longer an inter-company balance and is not eliminated at Group level during consolidation.

As disclosed in the Circular for the proposed disposal of PBT dated 4 February 2023 (the "**Circular**"), the consideration of S$18,000 was arrived at after arm's length negotiations, on a willing-buyer, willing-seller basis and taking into account, amongst other things, the net tangible liability position of PBT, the past financial performance of PBT, the prospects and challenges of PBT in the engineering and construction industry as well as the limited resources of the Company and its intention to focus on its other businesses in Singapore.

The Board had acted in the best interest of the Company and its shareholders by negotiating with the Purchasers (as defined in the Circular) and it was concluded that the amount due by the Company to PBT would be subject to the TIL Scheme. PBT had then voted in favour of the TIL Scheme, together with majority of the creditors, as announced on 13 April 2023.

The amounts owing to or from the Company to PBT is a net payables position and the Company has not collected any amount from PBT.

Query Number 3

Please provide a breakdown of the Other Payables to former subsidiaries of $49.75 million and Other payables to a former immediate holding company of a subsidiary of S$1.518 million as at 31 March 2023 including the names of the entities, the nature of the other payables and when they are falling due.

Company's Response

Please see below the breakdown for further details:

	31 March 2023 Unaudited	**Nature**
	S$'000	
Former subsidiaries		
Trans Equatorial Engineering Pte Ltd *(In Creditors' Voluntary Liquidation)*	24,839	Intercompany advances. The amount will be settled via the TIL Scheme.
PBT Engineering Pte Ltd *(now known as Tracebuild Pte. Ltd.)*	24,913	Intercompany advances. The amount will be settled via the TIL Scheme.
	49,752	
Former immediate holding company of a subsidiary		
Amcorp Global Limited *(The Company acquired TEE Industrial Pte. Ltd., currently a 100% owned subsidiary of the Company, from Amcorp Global Limited as one of the ancillary agreements from the disposal of TEE Land Limited. The transaction was announced on 2 February 2020 and completed on 24 March 2021)*	**1,518**	The amount owing to Amcorp Global Limited were incurred due to the following: a. debts owed by TEE Industrial Pte. Ltd. to Amcorp Global Limited before completion of the acquisition of TEE Industrial Pte. Ltd. and the interest amounts on the debts; b. the relevant fees charged for the provision of the corporate guarantee provided by Amcorp Global Limited to TEE Industrial Pte. Ltd., being 1% on the outstanding mortgage loan with Hong Leong Finance Limited. The amount will be settled after the completion of Proposed Subscriber Transactions (as defined in the Company's 18 August 2022 announcement) with Meta5 Pte Ltd.

BY ORDER OF THE BOARD
TEE INTERNATIONAL LIMITED

Phua Cher Chuan
Group Chief Executive and Managing Director
29 May 2023