



TEE INTERNATIONAL LIMITED

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

RESPONSE TO THE QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON APPOINTMENT OF INDEPENDENT DIRECTORS

The Board of Directors (the “**Board**” or the “**Directors**”) of TEE International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to respond to the following queries raised by SGX-ST on 8 November 2019 in relation to the Company’s announcements dated 6 November 2019.

Background Information

The Company noted that in addition to the Independent Director (the “**ID**”) who resigned on 27 August 2019, another ID had indicated to the Board that he would not be seeking re-election at the forthcoming AGM. Accordingly, the Board of Directors has to source for candidates to replace these 2 IDs in compliance with the Code of Corporate Governance.

Having reviewed the resume and conducted interviews with both Mr. Lai Hock Meng (“**Mr. Lai**”) and Mr. Wu Geng, the Nominating Committee (“**NC**”) and the Board were of the view that the two candidates had the requisite experience and capability to assume the roles of IDs of the Company.

Apart from personal attributes, the Company took into consideration complementarity of skillset of the Board. Mr. Lai has extensive work experience while Mr. Wu Geng has legal training. The question of independence was also addressed and both have confirmed their independence.

Query 1

We refer to the Company’s appointments of 2 independent directors – Lai Hock Meng (Peter) and Wu Geng announced on 6 November 2019. Please disclose how the Company was introduced to each of the two candidates and the identity of the introducer(s).

Company’s Response

Mr. Lai Hock Meng (“**Mr. Lai**”) was introduced to the Company by Mr. Phua Chian Kin (“**Mr. CK Phua**”), a Director of the Company. The Company understands that Mr. Lai was introduced to Mr. CK Phua through a mutual friend, Mr. Jeffery Tan (“**Mr. Tan**”), during a family dinner at Mr. Tan’s house around 8 to 9 years ago and that Mr. Lai and Mr. CK Phua have continued to keep in touch occasionally at social and business events. Mr. Wu Geng was introduced to the Company by Mr. Lai.

Query 2

The Company disclosed that Mr. Wu Geng has not been concerned with the management or conduct of the affairs of corporation which has been investigated for breach of any law or regulatory requirement governing corporations in Singapore or elsewhere (“**Declaration**”). Noting that Mr. Wu Geng had been the director of Sinopipe Holdings Limited and Foreland Fabrictech Holdings, both of which were subjects of investigation by SGX, please reconcile this to the Declaration disclosed.

Company's Response

In respect of Foreland Fabrictech Holdings Limited (“**FFH**”), the external auditors of FFH had issued a disclaimer opinion dated 5 August 2014 on FFH's financial statements for the financial year ended 31 December 2013 (“**FY2013 Disclaimer Opinion**”) due to certain matters. Subsequently, Mr. Wu Geng was appointed as an independent director of FFH on 29 September 2014 and resigned as independent director on 19 July 2018. Therefore, Mr. Wu Geng had not been involved with the matters which were the subject of the FY 2013 Disclaimer Opinion and SGX's investigations.

In respect of Sinopipe Holdings Limited (“**Sinopipe**”), Sinopipe announced on 30 March 2012 that its external auditors informed Sinopipe and its Audit Committee on accounting and audit issues relating to significant discrepancies between the audited PRC GAAP financial statements of certain PRC subsidiaries for previous financial years filed with the local PRC authorities and audited PRC GAAP financial statements provided by management as well as certain related party transactions; and it was further announced that Sinopipe would engage special auditors to assist the Company to investigate and verify these issues. Subsequently, Mr. Wu Geng was appointed as an independent director of Sinopipe on 12 April 2012 and resigned as independent director on 30 June 2014. Therefore, Mr. Wu Geng had not been involved with the matters which were the subject of the special audit and SGX's investigations.

As Mr. Wu Geng had only been non-executive and independent director of each of FFH and Sinopipe and was not involved in the day-to-day management, operations or conduct of affairs of FFH and Sinopipe, he had, accordingly, indicated that he was not concerned with the management or conduct of affairs of a corporation that had been investigated by the SGX in the Declaration.

Notwithstanding the above, for transparency and as a matter of full disclosure, the Company will issue a corrigendum to Mr. Wu Geng's appointment announcement to include a note to clarify that Mr. Wu Geng was a non-executive and independent director of FFH and Sinopipe, companies which have been investigated by SGX.

Query 3

Please robustly justify the Nominating Committee's views on the track record and suitability of the appointment of Lai Hock Meng (Peter) as an independent director on the Board of TEE International Limited noting that he had been issued a warning from Monetary Authority of Singapore and was independent director of multiple corporations that were investigated for breach of law and/or regulatory requirement (as disclosed in Appendix A of the announcement of his appointment). Please provide specific details in your elaboration.

Company's Response

The NC interviewed Mr. Lai on 27 September 2019. Mr. Lai had also met with some of the Board members. The NC noted that Mr. Lai is well qualified academically and based on his resume, Mr. Lai appeared to have the necessary exposure (covering various industries and geographically), experience and competency in financial management and corporate governance. The NC further noted that Mr. Lai had assured the NC he would be able to commit and devote sufficient time and attention to perform the duties of an ID of the Company. The NC took into consideration Mr. Lai's extensive work experience and was of the view it would complement the skillset of the Board. In view of the foregoing, the NC found Mr. Lai suitable for appointment as ID and accordingly recommended him to the Board for approval.

With regard to the various cases of breaches as disclosed, Mr. Lai had informed the Company as follows:

1. With regard to the Monetary Authority of Singapore (“**MAS**”) warning relating to his failure to notify a listed corporation of a change in his interest in the securities of the corporation under section 133 of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”), the Company and the NC understands that Mr. Lai’s failure to notify the listed corporation of his change in interest was an inadvertent oversight. As disclosed in his declaration, he was granted a share option for 500,000 shares in China Essence Group Ltd. where he was an Independent Non-Executive Director. He was not aware that the share options had lapsed on 12 December 2014 and that his interest in China Essence Group Ltd had changed. Upon discovery of his change in interest on 21 April 2015, he immediately disclosed the same to the regulators on the same day. As the NC understands that there was no advertence on Mr. Lai’s part for failing to notify his change in interest within the timeframe stipulated under section 133 of the SFA, the NC is of the view that this single incident did not affect his track record and suitability to be appointed as an ID of the Company. The Company and the NC further understands that the same disclosures have been made by Mr. Lai in all his previous appointments, including his previous appointment as a chief executive officer and executive director of EC World Asset Management Pte Ltd and his current appointment as executive director of Riverside Asia Partners Pte Ltd, both of which are entities regulated by MAS.
2. With regards to the breach of the capital adequacy regulations of the then Stock Exchange of Singapore by Morgan Grenfell Asia & Partners Securities Pte Ltd (“**MGAPS**”), the Company and the NC understands from Mr. Lai that the breach had been partly caused by a sudden surge in trading volume and a computer system failure resulting in a failure to send out contract notes to customers on time. As a result, the customers would not pay for their share purchase unless they received the contract notes. As such, the outstanding receivables resulted in haircut to the MGAPS’s capital, therefore breaching the capital adequacy regulations. MGAPS took measures to address the problem by reducing customer trades and actively collecting outstanding debts from customers. As stated in Mr. Lai’s declaration, he was not personally involved in the breach by MGAPS. Mr. Lai informed that several major brokerage firms were also fined together by the Stock Exchange at the same time partly due to the same problem. As the NC understands from Mr. Lai that (i) the breach had been partly caused by a computer system failure, (ii) MGAPS had taken measures to address the problems, (iii) there had been no deliberate intention to disregard capital adequacy regulations and (iv) Mr. Lai was not personally involved in the breach by MGAPS, the NC is of the view that the breach by MGAPS did not affect Mr. Lai’s track record and suitability to be appointed as an ID of the Company.
3. With regard to the NTUC Club Investment Pte Ltd (“**NCI**”) investigation by the Commercial Affairs Department (“**CAD**”), the Company and the NC understands that Mr. Lai was a non-executive director and had only been assisting the CAD in an investigation on certain persons who were then executive directors/officers of NCI. As Mr. Lai was not personally involved in the case and the CAD had only asked him a few questions to understand the internal controls process of NCI, the NC is of the view that this matter did not affect Mr. Lai’s track record and suitability to be appointed as an ID of the Company.
4. With regard to PureCircle Limited (“**PureCircle**”), the Company and the NC understands from Mr. Lai that PureCircle was falsely accused by a whistle blower of purchasing agriculture materials from a farm that used convict labour, and thereby contravening U.S legislation. As a result, the products were detained by the United States Customs and Border Protection (“**CPB**”) when they were imported by PureCircle into the USA. However, Mr. Lai informed that PureCircle was able to prove to CPB that its products were not made from raw materials grown by convict labour, and the CPB subsequently released the detained goods and PureCircle was able to export its product into the USA. The Company and the NC further

understands that Mr. Lai was an independent non-executive director of PureCircle and was not involved in the day-to-day management of PureCircle. Given that the detained goods had been subsequently cleared by the CPB and allowed to be exported and Mr. Lai was only an independent non-executive director who was not involved in PureCircle's day-to-day management, the NC is of the view that this matter did not affect Mr. Lai's track record and suitability to be appointed as an ID of the Company.

Considering the nature and circumstances of the above breaches and the aforementioned explanations together with Mr. Lai's qualifications, work experience and skillset, the Company did not consider these matters to affect the suitability of Mr. Lai and is of the view that Mr. Lai has the necessary attributes and requisite experience to add value to the Company.

Query 4

Please disclose if the Company had considered any other candidates apart from Lai Hock Meng (Peter) and Mr. Wu Geng in the appointment of independent directors. If so, please explain why the 2 candidates were selected instead.

Company's Response

The Company did not consider any other candidates, apart from Mr. Lai and Mr. Wu Geng. The Board considered both candidates suitably qualified and accepted the NC's recommendations of Mr. Lai and Mr. Wu Geng as the new IDs of the Company. The Board had intended for their appointments to be approved by the shareholders of the Company at the forthcoming AGM.

By Order of the Board
TEE International Limited

Saw Chin Choo (Ms.)
Executive Director
11 November 2019