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

RESPONSE TO QUERIES FROM SGX-ST ON THE COMPANY'S ANNUAL REPORT 2016

In response to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in its email dated 13 September 2016, the Board of Directors ("**Board**") of TEE International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") would like to provide the following disclosures in connection with the Company's annual report for the financial year ended 31 May 2016 ("**Annual Report 2016**"):-

SGX's Query 1:

As required under Listing Rule 710, please make disclosures as recommended in the Code of Corporate Governance 2012 (the "**Code**") or otherwise explain the reason(s) for the deviation from the following Code guidelines:-

Paragraph 2.4 of the Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent. On page 48 and 49 of the Annual Report, the Company had stated that they had reviewed the independence of the independent directors who have served for more than 9 years, however the Company did not state whether they were subjected to particularly rigorous review. Please disclose accordingly or explain otherwise.

Response to Query 1:

Taking into consideration that Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng have served on the Board for more than nine years, the NC has conducted a rigorous review of their independence and has determined that they have maintained their independence in accordance with the Code and has contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Company. Both Mr. Bertie Cheng Shao Shiong's and Mr. Tan Boen Eng's independence and objective leadership of the Board, their depth of experiences and skills, makes them invaluable members of the Board. The Board concurred with the views of the NC and is satisfied with the performance and independence of judgement of both Mr. Tan and Mr. Cheng.

Mr. Tan, who will be retiring under the resolution passed at the last Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force), will not be seeking re-appointment at the forthcoming Annual General Meeting of the Company.

SGX's Query 2:

On page 82 and 83 of the Annual Report, with regards to the statement of cash flows of the Company, it is noted that there are material discrepancies between the statement of cash flows of the Company compared to the announcement of the FY2016 results announced on 28 July 2016. Please help to reconcile and explain the material differences.

Response to Query 2:

TEE International Limited

Consolidated Statement of Cash Flows

	Group FY2016			
	Announced S$'000	**Audited** S$'000	**Variances** S$'000	
Net cash used in operating activities	(2,567)	(5,704)	(3,137)	Note 1
Net cash from investing activities	260	1,268	1,008	Note 1
Net cash from financing activities	16,232	18,910	2,678	Note 1
Net increase in cash and cash equivalents	13,925	14,474	549	Note 2
Effect of foreign exchange rate changes	(2,845)	(3,394)	(549)	Note 2

Notes:

1. The variances are due to the adjustments made pursuant to the dissolution of a joint development by TEE's subsidiary which resulted in the changes in movement of working capital items, investing cash inflow and financing cash outflow attributed to long-term bank loan drawdown.

2. The variances are due to the adjustments of currency realignment for other receivables.

By Order of the Board

Yeo Ai Mei
Group Financial Controller
and Company Secretary

15 September 2016