

**TEE INTERNATIONAL LIMITED**

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

RESPONSE TO THE QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE PROPOSED DISPOSAL OF A SUBSIDIARY

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 4 May 2020 in relation to the Company's announcement dated 30 April 2020.

Query No 1

Paragraph C3(i) of the Announcement states that the Purchaser shall pay to a third-party Payee an amount equal to the Payees' Fees at Completion pursuant to the terms of the sale and purchase agreement.

- a. To disclose the identity of the third-party Payee and the amount of Payees' Fees.
- b. To disclose reason why does the Purchaser need to make payment to the Payee.

Company's Response

Mr. S Awtar Singh and Mr. Gajendra Singh (the "**Payees**") are both former owners of Arrow Waste Management Pte Ltd. (AWM). Save as aforesaid, there is no other relationship between the Payees and the Group. The amount of \$284,077 (the "**Payee Fees**") is the reimbursement for the JTC land rents and licence fees and other incidental payments which had been made by the Payees prior to AWM's acquisition by TEE Infra in anticipation of a collaborative project with the Group. These sums are now payable as the intended collaboration between the Payees and the Group has been terminated due to TEE Infra's intention to exit the hazardous waste management business.

Query No 2

The Group NTA will decrease from S\$80.871 million to S\$80.772 million after the Proposed Disposal. To explain why there is a decrease in NTA since there is a gain on disposal of S\$1.6 million.

Company's Response

In accordance with Rule 1010(8) of the Listing Manual, the effect of the Proposed Disposal on the NTA per Share of the Group for the most recently completed financial year is computed on the assumption that the Proposed Disposal had been effected at the end of FY2019, namely on 31 May 2019. Based on this assumption, the Proposed Disposal would result in a loss on disposal of S\$99,000 and a decrease in the Group NTA from S\$80.871 million to S\$80.772 million.

The net financial effect relating to the disposal of AWM is as follows:

	S\$'000
Net loss attributable to AWM for 9MFY2020	(1,700)
Gain on disposal of AWM	1,601
	<u>(99)</u>

Query No 3

The loss per share (LPS) will increase from S\$3.28 to S\$3.30 after the Proposed Disposal. To explain why there is an increase in LPS given that the Company is disposing of a loss-making asset which attributes to S\$1.7 million.

Company's Response

In accordance with Rule 1010(9) of the Listing Manual, the effect of the Proposed Disposal on the LPS for the most recently completed financial year is computed based on the assumption that the Proposed Disposal had been completed at the beginning of FY2019, namely on 1 June 2018. Based on this assumption, the net loss of \$99,000 arising from the Proposed Disposal would result in an increase in the LPS.

Query No 4

To provide further details on the business activities of Arrow Waste Management Pte. Ltd. (AWM) such as the place of operations and explain how does the Proposed Disposal enable TEE Infra to concentrate on developing its general waste business, and to help TEE Infra to strategically move up the value chain and further expand its material recovery and recycling business.

Company's Response

AWM's principal activities are the treatment and disposal of waste. TEE Infra acquired AWM with the intention to further expand its existing infrastructure waste management business from general waste to also provide hazardous waste management in Singapore with a joint venture partner, and AWM was granted certain licences by JTC to develop 4 plots of land for this purpose. As the joint venture partnership did not materialise, TEE Infra decided to exit from the hazardous waste management business by disposing of AWM to focus on developing its general waste and recycling business. The proceeds from the Proposed Disposal will be used for general working capital, which will enable TEE Infra to improve the operating processes of its existing waste management business, including implementing process automation and stepping up manpower productivity in the areas of waste collection, material recovery and recycling.

By Order of the Board
TEE International Limited

Saw Chin Choo
Executive Director
6 May 2020