



TEE INTERNATIONAL LIMITED

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

RESPONSE TO THE QUERIES FROM THE SINGAPORE EXCHANGE REGULATION (“SGX REGCO”)

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 RegCo on 25 June 2021.

Query No 1

The Company requested for a trading suspension on 18 June 2021 and disclosed a profit guidance on 19 June 2021 stating that it is “expected to report a significant loss for the fourth quarter ended 31 May 2021”, which is mainly attributable to cost overruns resulting in foreseeable losses for certain on-going projects arising from disruptions caused by the COVID-19 pandemic. In addition, it disclosed receipt of letters of demand and claims amounting to S\$38.8 million in total. On 24 June 2021, the Company announced the resignations of the Group Chief Executive and Managing Director, Phua Boon Kin and an Executive Director, Saw Chin Choo where the reason indicated was “Resignation”. Please disclose detailed reasons for each of their resignations and also disclose whether they have responsibilities in respect of the above matters related to the profit guidance announced on 19 June 2021.

Company’s Response

The Group’s engineering and construction businesses (“**E&C Business**”) are mainly carried out by its wholly-owned subsidiaries Trans Equatorial Engineering Pte Ltd (“**Trans Equatorial**”) and PBT Engineering Pte. Ltd. (“**PBT Engineering**”). Since his appointment as interim Group Chief Executive and Managing Director in September 2019 and subsequent re-designation as Group Chief Executive and Managing Director in November 2020, Mr Phua Boon Kin has been responsible for the overall management of the Group and its E&C Business. Mr Phua Boon Kin had resigned due to health reasons. Nonetheless, he will remain as a Director in the Company as well as Trans Equatorial and PBT Engineering while serving his notice.

Ms Saw Chin Choo was the Executive Director in PBT Engineering. She had expressed her intention to retire since late 2020. The Board had been discussing with Ms Saw Chin Choo about remaining and had only recently resolved to accept Ms Saw Chin Choo’s resignation in order for her to go into retirement. Ms Saw Chin Choo will remain as a Director in the Company and PBT Engineering while serving her notice.

Query No 2

In relation to the Company’s statement relating to “[t]he expected loss .. mainly attributable to cost overruns resulting in foreseeable losses for certain on-going projects of the Group flowing from the current challenging business environment”, please identify which are the projects which gave rise to the “significant loss for the fourth quarter ended 31 May 2021” and the expected completion dates of these projects.

Company's Response

The following projects, which are projects under Trans Equatorial, mainly contributed to the expected loss for the fourth quarter ended 31 May 2021:

Project details	Expected completion date
Air-conditioning and mechanical ventilation system and building management system for a commercial development at the Central Business District	Phase 1: June 2021 Phase 2: October 2021
Addition and alteration works for a data centre in Singapore including structural, and builders works, as well as mechanical and electrical services and installation works	August 2021
Supply, installation, testing and commissioning of electrical and extra low voltage services for an industrial and commercial development with a basement carpark situated in North Singapore	September 2021

The above projects with an aggregated contract value of approximately \$271.9 million, are into their final phases as seen from the respective expected completion dates above. Temporary Occupation Permit (“**TOP**”) inspections by the relevant authorities on the above projects were carried out in April and May 2021.

Query No 3

The Company disclosed on 19 June 2021 that the Company and the Company's wholly-owned subsidiaries had on 8 June 2021 received letters of demand from DBS. In addition, “Trans Equatorial and PBT Engineering have each also received other claims for the aggregate sums of S\$30.4 million and S\$5.2 million, respectively, from various creditors”. Please disclose the specific dates of the claims of these creditors and specific details as to what these claims of S\$30.4 million and S\$5.2 million relate to.

Company's Response

Trans Equatorial

Details of claims amounting to S\$1 million and above each made against Trans Equatorial by certain sub-contractors and suppliers are as follows:

S/N	Date of Claim	Brief Description of Claim	Amount of Claim (\$ million)
1	July 2020	In respect of a claim from sub-contractor for the non-payment for provision of goods, equipment and services	2.1
2	November 2020	In respect of a claim from sub-contractor for the non-payment for provision of goods, equipment and services.	3.2
3	December 2020	In respect of a claim from sub-contractor for the non-payment for provision of goods, equipment and services.	2.5
4	December 2020	In respect of a claim from sub-contractor for the non-payment for provision of goods, equipment and services.	2.6
5	February 2021	In respect of a claim from sub-contractor for the non-payment for provision of goods, equipment and services.	1.3

6	February 2021	In respect of a claim from supplier for the non-payment for provision of goods, equipment and services.	1.8
7	February 2021	In respect of a claim from sub-contractor for a breach of Settlement Agreement in connection to retention monies related to a project.	2.0
8	April 2021	In respect of a claim from sub-contractor for non-payment of works carried out.	1.3
9	April 2021	In respect of a claim from sub-contractor for non-payment of works carried out	1.4

Additionally, Trans Equatorial had received 73 claims relating to amounts less than S\$1 million each. The aggregate sum claimed pursuant to such claims amounts to approximately S\$12.2 million. These claims were mainly trade-related, arising from sub-contractors and the supply of goods and services to Trans Equatorial.

PBT Engineering

PBT Engineering had received 36 claims relating to amounts less than S\$1 million each. The aggregate sum claimed pursuant to such claims amounts to approximately S\$5.2 million. These claims were mainly trade-related, arising from sub-contractors and the supply of goods and services to PBT Engineering.

Query No 4

In relation to the letters of demand and claims noted in question 3 above, please elaborate why the Company failed to disclose the above until 19 June 2021. Please confirm if the above claims are material to the Company.

Company's Response

Until 3 June 2021, the Managing Director of the Group's E&C Business, together with the respective management teams of Trans Equatorial and PBT Engineering, were actively engaged with various contractors, sub-contractors and suppliers (together to be called "**Creditors**") to discuss and negotiate with a view to determining and agreeing with the respective creditors on the final amount payable to them, the payment schedules and/or terms of payment. The management of the E&C Business had deemed that such discussions and negotiations with the creditors are not uncommon, especially during the prevailing difficult business environment caused mainly by the COVID-19 pandemic that has adversely affected the construction industry. The management of the E&C Business also deemed that the individual demands and claim amount from each of the creditors were not material (kindly also refer to the reply above to Query No 3). To-date, no winding-up application or proceedings have been filed or instituted against Trans Equatorial or PBT Engineering by any of these creditors.

The Board was only provided with a summary of the letters of demand and claims made on Trans Equatorial and PBT Engineering on 3 June 2021, following a request from the Audit Committee (the "**AC**") on 2 June 2021. Upon being made aware of such letters of demand and claims, the AC and Board had requested for more details and relevant information relating to such letters of demand and claims so as to enable the Board to holistically assess the situation vis-à-vis the Group's financial position. As the letters of demand and claims related to various projects and/or contracts involving different project teams and personnel within Trans Equatorial and PBT Engineering, the coordination and collation of the requested details from all such project teams and personnel took some time.

The Board was presented with more information relating to the letters of demand and claims on 8 June 2021. Concurrently, during the same period, the AC and the Board was also discussing and reviewing the financial performance and financial position of the Group including the E&C Business for the 4th quarter financial period ended 31 May 2021 with the management of the Group. The Board decided to call a halt on the trading of the Company's shares on 15 June 2021 pending the release of an announcement.

Thereafter, the announcement on the demands and claims together with the Group's profit guidance based on its preliminary review of unaudited financial results for the 4th quarter financial period ended 31 May 2021 as well as the appointment of a financial consultant to undertake a review of the Group's existing businesses and plans to improve the financial position and/or performance of the Group was released on 19 June 2021.

Query No 5

We refer to the Company's announcement on 1 June 2021 which referred to the approval-in-principle ("AIP") granted for the listing and quotation of 129,000,000 Placement Shares. The Placement Shares were to be placed out within 7 market days from 1 June 2021. The Company disclosed on 19 June 2021 that the Placees had requested for the extension of time to complete the Placement.

- a. To disclose why the Company did not disclose on 10 June 2021 the status of the Placement and that the AIP had lapsed.
- b. To disclose when the Placees requested for an extension of time to complete the Placement and the reason for the request.
- c. To disclose the long-stop date for the placement agreement.

Company's Response

The Placees had requested for an extension of time to complete the Placement on 10 June 2021. No specific reasons were given by the Placees to the Company in relation to their request for the extension of time. As an extension of time past 10 June 2021 would require an application to be made to the SGX-ST for an extension of time for the AIP, the Company had then commenced discussions with the Placees as to the expected extended timeline required by the Placees in order to complete the Placement. As such, the status update on the Placement was not disclosed on 10 June 2021 as the Company was still discussing with the Placees and the intention was to announce the same as soon as possible upon the parties agreeing on the new expected timeline. The long-stop date for the Placement Agreement is 30 September 2021.

Query No 6

The Company requested for a trading suspension on 18 June 2021 and stated that "The Company wishes to emphasise that this is a voluntary suspension pursuant to Rule 1302 of the Singapore Exchange Securities Trading Limited Listing Manual." Listing Rule 1302 refers to trading halts. The Company also disclosed that in view of the expected significant losses for 4Q2021, it has appointed RSM Corporate Advisory Pte. Ltd. as the financial consultant to review its existing business and the plans to improve the financial position and performance of the Group. We draw your attention to Listing Rule 1303. Please disclose the AC's views on the Company's ability to continue as a going concern and provide basis for its views. Kindly substantiate and demonstrate to the Exchange and its shareholders that it is able to do so. Otherwise, kindly acknowledge that the Board will comply with Listing Rule 1303(3) and note that the trading suspension will be in place as required under Listing Rule 1303(3).

Company's Response

The Company wishes to clarify that the Company had requested for a trading halt pursuant to Listing Rule 1302(1) and had thereafter voluntarily converted the trading halt into a trading suspension as the decision was made by the Company not to lift the trading halt after three (3) market days as specified under Listing Rule 1302(2) but to voluntarily request for a trading suspension instead.

RSM Corporate Advisory Pte. Ltd ("Financial Consultant") was appointed on 17 June 2021. The Financial Consultant is currently in the process of reviewing the Group's operations and will work with the Group's management to assess and formulate plans to improve the financial position and performance of the Group. Concurrently, the Company is also in discussions with various parties on the on-going projects and the outcome of these discussions may significantly affect the financial position

of the Group. The AC will make an assessment on whether the Group is able to continue as a going concern once the aforementioned review and assessments are completed and advice from the Financial Consultant is available.

In the event that the AC assesses that the Group is unable to continue as a going concern, an announcement on the same will be made by the Company to inform all stakeholders. In connection with this, the Board notes that it will comply with Listing Rule 1303(3) and the trading suspension will be in place as required under Listing Rule 1303(3).

Query No 7

We note that the Company had recently disposed of several subsidiaries. Kindly provide an update on the remaining operations of the Group. In addition to Trans Equatorial and PBT Engineering, please disclose which are the remaining significant subsidiaries. To also disclose the order books of Trans Equatorial, PBT Engineering as well as the remaining subsidiaries of the Group.

Company's Response

The Company's subsidiaries which are involved mainly in the E&C Business as well as the infrastructure business. The principal subsidiaries involved in the E&C Business include PBT Engineering, Trans Equatorial and Oscar Estate Management Co., Ltd.. The principal subsidiaries involved in the infrastructure business are TEE Infrastructure Private Limited, G3 Environmental Private Limited, Envotek Engineering Pte. Ltd., TEE Environmental Pte. Ltd. and TEE Recycling Pte. Ltd. Another subsidiary held by the Company is TEE Industrial Pte. Ltd., which owns the Company's current corporate building at 25 Bukit Batok Street 22.

As of 30 April 2021, the order book of Trans Equatorial and PBT Engineering stands at approximately S\$117.4 million and S\$94.4 million respectively. The remaining principal subsidiaries in the E&C Business do not carry any on-going order books.

Query No 8

Please disclose the timeline for the financial consultant to complete its review of the Group's operations and confirm that the Board will announce the outcome of the review.

Company's Response

The financial consultant is currently expected to complete its review of the Group's operations and work with the management to assess and formulate plans to improve the financial position of the Group by the end of July 2021. The Board will announce the outcome in due course.

By Order of the Board
TEE International Limited

Ong Beng Hong
Company Secretary
29 June 2021