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 28 NOVEMBER 2022 ON THE COMPANY'S CONDENSED FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 30 SEPTEMBER 2022

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 2 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 (the "**Announcement**").

Query Number 1

Other payables of the Group increased by 67.3% from S$26.9 million as at 30 September 2021 to S$45 million as at 30 September 2022, mainly attributed to S$24.8 million due to a former subsidiary.

(i) Please disclose the identity of the former subsidiary to which S$24.8 million is due and disclose the breakdown of the other payables, as well as the aging and nature of these other payables.

(ii) Please also disclose why the Company has now started to record these liabilities, when the repayments to the former subsidiary will be due, and how does the Group intend to fulfil the repayments.

Company's Response

Query 1(i) – Former Subsidiary

The former subsidiary refers to Trans Equatorial Engineering Pte Ltd ("**Trans Equatorial**"). Trans Equatorial was placed under creditors' voluntary liquidation ("**CVL**") as of 12 January 2022. Consequently, the Company no longer has control over Trans Equatorial and accordingly, consolidation of Trans Equatorial ceased when the Company ceased having control of Trans Equatorial. As such, the amount of S$24.8 million is no longer an inter-company balance and is not eliminated at Group level during consolidation.

Query 1(i) – Other Payables

	FY2022 Unaudited S$'000	Aging	Nature
Rental and liquidated damages[1]	2,535	More than a year	Please see note 1 below
Provision for warranty	548	Not applicable	Pertaining to provision given
Other payables	1,608	Ranging from current to more than a year	Mainly pertaining to outstanding balances due to payables to professionals and for other services rendered
	4,691		

[1] Please refer to Company's announcement dated 7 March 2022 in which it was stated that the Company's subsidiary, Arrow Waste Management Pte Ltd ("**AWM**") had received a writ of summons from JTC Corporation ("**JTC**"). The total claim amount comprises outstanding license fees / lease rental and interest, as well as liquidated damages, due to the early termination of the leases of four plots of land.

Query 1(ii)

The liabilities were recognised and recorded as and when incurred. As explained in (i), the amount of S$24.8 million due to the former subsidiary is shown in the current financial year ended 30 September 2022 as a result of the de-consolidation of Trans Equatorial due to CVL. The amount is no longer an inter-company balance and is not eliminated at Group level during consolidation.

The Company will be undertaking a scheme of arrangement ("**Scheme**") with its creditors for the restructuring of the debts as part of the proposed restructuring exercise. The Company intends to make an application under Section 71 of Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**") for Court sanction for the proposed Scheme. The Company will make the relevant announcement on the Scheme when appropriate.

Query Number 2

The Group recorded financial guarantee liabilities of S$98.6 million as at 30 September 2022.

(i) Please provide a breakdown of the financial guarantee liabilities, and disclose how the Group intends to handle the guarantees and how it will be able to do so.

Company's Response

The financial guarantee liabilities pertain to the effects of the fair value of corporate guarantees on initial recognition provided by the Group and the Company on behalf of subsidiaries to obtain banking facilities, less amortisation, as well as corporate guarantee issued to counterparties for performance bonds and claims made against certain subsidiaries.

The financial guarantee liabilities mainly resulted from the insolvency of Trans Equatorial and TEE E&C (M) Sdn Bhd ("**TEE E&C (M)**") -since the financial period ended 30 September 2021 The liabilities principally arose due to the project stoppage and termination, novation of projects and various claims / disputes with contract counterparties. Please see below the breakdown for further details:

	30 September 2022 Unaudited S$'000
Insurers	8,875
Banks	29,863
Customers	59,880
	98,618

The Company will be undertaking a Scheme with its creditors for the restructuring of the debts as part of the proposed restructuring exercise and intends to make an application under Section 71 of IRDA for Court sanction for the proposed Scheme. The Company will make the relevant announcement on the Scheme when appropriate.

BY ORDER OF THE BOARD
TEE INTERNATIONAL LIMITED

Ong Beng Hong
Company Secretary
5 December 2022