



**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 11 AUGUST 2022 ON THE COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 JUNE 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 17 August 2022 in relation to the Company’s announcement dated 11 August 2022 on the Company’s Condensed Interim Financial Statements for the Nine Months ended 30 June 2022 (the “**Announcement**”).

**Query Number 1**

Please disclose the nature and breakdown of the Group's other receivables (non-current) amounting to S\$202,000 as at 30 June 2022 and the Board's assessment of the recoverability of the other receivables.

**Company's Response**

The breakdown of the Group’s non-current other receivables as at 30 June 2022 is as follows:

<b>Description / Nature</b>	<b>S\$'000</b>
Loan to an employee (a)	43,000
Finance lease receivables (b)	159,000
<b>Total</b>	<b>202,000</b>

- (a) The Board and the Management are of the view that there is no recoverability risk on the loan to an employee.
- (b) A subsidiary of the Group entered into a finance leasing arrangement of 20-year term for its electric power generation system. In view that the finance lease receivable at the end of the reporting period is not past due, and taking into account of the historical payment records and the future prospects of the industries in which the lessee operates, barring unforeseen circumstances the Board and the Management are of the view that the receivables are recoverable.

**Query Number 2**

On page 23, the Group disclosed that under its current liabilities, the financial guarantee liabilities of S\$105.9 million were mainly resulted from the insolvency of Trans Equatorial Pte Ltd which was placed in creditors' voluntary liquidation since 12 January 2022 and the liabilities were principally arising, in view of project stoppage and termination, novation of projects and various claims/disputes with contract counterparties. Please disclose a breakdown of these significant liabilities amounting to S\$105.9 million.

### **Company's Response**

The financial guarantee liabilities pertain to the effects of the fair value of the corporate guarantee, on the initial recognition, provided by the Company for its former subsidiaries (which have since been de-recognised upon the Company's loss of control of the respective subsidiaries upon their respective liquidation) to obtain banking facilities and corporate guarantee issued to counterparties for performance bonds of various projects and claims made against the subsidiaries.

<b>Entity</b>	<b>S\$' million</b>
Trans Equatorial Engineering Pte Ltd (in liquidation)	90.0
TEE E&C (Malaysia) Sdn Bhd (in liquidation)	15.9
<b>Total</b>	<b>105.9</b>

### **Query Number 3**

For the reporting period, the Group recorded written-off trade and other receivables amounting to S\$613,000.

Please disclose

- i) the underlying transactions of the other receivables;
- ii) the Group's plans to recover the trade and other receivables;
- iii) whether they are major customer(s) and whether the Group continues to transact with these customer(s) and if so, what are the commercial reasons in doing so;
- iv) how long are the debts outstanding and the financial year(s) when the sales reported;
- v) what were the actions taken to recover the trade and other receivables;
- vi) the reasons for the impairment on trade and other receivables, including the reasons for delays or non-payment, where applicable;
- vii) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables;
- viii) the Board's assessment of the recoverability of the remaining trade and other receivables;
- ix) the Group's policy in trade receivables collection;
- x) the percentage of revenue earned in this financial year that was deemed uncollectible (i.e. trade receivables amount written off or provided for);
- xi) the general credit term extended to customers; and
- xii) the aging analysis and assessment of the recoverability of the remaining trade receivables.

### **Company's Response**

With respect to items (i) – (vii), the trade and other receivables written off arose mainly from amounts due from Trans Equatorial Engineering Pte Ltd ("**Trans Equatorial**") to the Group in relation to office rental incurred in the past. As Trans Equatorial was insolvent, the amounts due from Trans Equatorial were written off accordingly when Trans Equatorial was placed into creditors' voluntary liquidation (the "**CVL**") on 12 January 2022 as announced previously. In light of the foregoing, in relation to item (vii), the Board is of the opinion that the methodologies used to determine the value of the impairment of the trade and other receivables are reasonable.

The Board and the Management assessed the recoverability of trade and other receivables by reference to the historical payment records of each debtor and perform analysis on each debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of conditions at the reporting date. Based on such assessments, with respect to item (viii) and item (xii), the Board and the Management are of the view that there is no recoverability risk on the remaining trade and other receivables, except for those that have been provided for an allowance for doubtful trade and other receivables as disclosed in the condensed interim financial statement for the nine months period ended 30 June 2022.

The aging analysis of the Group's trade receivables as of 30 June 2022 is as follows:

	<b>S\$'000</b>
Not past due	8,164
Past due	
- Past due 0 to 3 months	883
- Past due 4 to 6 months	224
<b>Total</b>	<b>9,271</b>

In relation to item (ix) and item (xi), the general credit term granted to customers is generally between 14 to 45 days and the Group's policy in trade receivables collection is that once the outstanding amount is due, the account executive in charge will follow up with the customer by way of email and / or phone call reminding the customer of the due date and the balance due.

With respect to item (x), the percentage of revenue earned in this financial year that was deemed uncollectible is less than 1% for the nine-month period ended 30 June 2022.

#### **Query Number 4**

Please explain the reasons for the significant allowance for doubtful trade receivables of S\$161,000 and allowance for doubtful other receivables of S\$40.8 million.

#### **Company's Response**

Allowance for doubtful trade receivables of S\$161,000 arises mainly from the Infrastructure Segment, specifically the waste management business. The COVID-19 pandemic has caused an adverse impact on certain debtors. The Management has assessed recoverability of the trade receivables and is of the opinion that the balances due from these debtors are doubtful.

Allowance for doubtful other receivables of S\$40.8 million arises mainly from the allowance made for amount due from subsidiaries that were de-recognised upon the loss of control of these subsidiaries i.e. Trans Equatorial and its subsidiaries (inclusive of PBT Engineering Sdn Bhd (Brunei), PBT Engineering Sdn Bhd (Malaysia), TEE Philippines, Inc., Trans Equatorial Indochina Co., Ltd, Oscar Estate Management Co., Ltd and Oscar Design & Decoration Co., Ltd) (collectively, the "**Trans Group**") as well as TEE E&C (Malaysia) Sdn Bhd ("**TEE E&C (M)**").

De-recognition of subsidiaries upon loss of control

- i) Trans Equatorial was placed into CVL on 12 January 2022. Ms. Oon Su Sun and Mr. Lin Yueh Hung of RSM Corporate Advisory Pte. Ltd. were appointed as the liquidators for the purposes of the CVL. Hence, the Company no longer has control over Trans Group.

- ii) TEE E&C (M) is winding up under the provisions of the Companies Act 2016 of Malaysia and the Receiving Officer/Director General of Insolvency is appointed as the liquidator to TEE E&C (M).

#### **Query Number 5**

The Group disclosed allowance for impairment loss on contract asset of S\$1.92 million. Please disclose the reasons for the allowance, the value of the contract(s) involved and when the contract(s) are expected to be completed.

#### **Company's Response**

Allowance for impairment loss on contract asset of S\$1.92 million arises mainly from the allowance for impairment loss made on a completed project carried out by an overseas subsidiary.

This allowance for impairment loss was provided, on a prudent basis, due to possible higher counter claim sum by the client, while in the midst of the Group's restructuring exercise. The Company, together with its financial advisor, is in the midst of final negotiations with the client to arrive at an amicable solution.

The contract sum for this project was approximately S\$64.3 million. This project was practically completed in January 2018 with a defect liability period until January 2019.

#### **Query Number 6**

The Group recognized an impairment loss on property, plant and equipment of S\$80,000 for the nine months ended 30 June 2022.

Please disclose

- i) the reasons for the impairment loss;
- ii) how the impairment was determined;
- iii) whether any valuation was conducted; the value placed on the assets; the basis and date of such valuation; and
- iv) the Board's confirmation as to whether it is satisfied with the reasonable of the methodologies used to determine the amount of impairment.

#### **Company's Response**

The impairment loss on property, plant and equipment of S\$80,000 was solely from Infrastructure Segment resulted from certain machineries and equipment that were beyond repair. No valuation was conducted as the machineries and equipment were beyond repair and thus the book value of such machineries and equipment was fully impaired. The Board and the Management are of the view that the impairment is reasonable and within the ordinary course of business.

BY ORDER OF THE BOARD  
**TEE INTERNATIONAL LIMITED**

Ong Beng Hong  
Company Secretary  
19 August 2022