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

DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

Pursuant to Rule 704(5) of the SGX-ST Listing Manual, the Board of Directors (the "**Board**" or the "**Directors**") of TEE International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the independent external auditors of the Company, Foo Kon Tan LLP (the "**Auditors**"), have, in their Independent Auditors' report dated 13 January 2023 ("**Independent Auditors' Report**"), issued a disclaimer of opinion in respect of the audited financial statements of the Company and consolidated financial statements of the Group for the financial year ended 30 September 2022 ("**FY2022**").

The nature and contents of the disclaimer of opinion are contained in the Independent Auditors' Report, as attached in the Appendix hereto, for the Shareholders' information.

Shareholders of the Company are advised to read the audited financial statements of the Group for FY2022 in the Company's Annual Report, which is available on SGXNET and the Company's website http://www.teeintl.com

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
TEE INTERNATIONAL LIMITED

Phua Cher Chuan
Chief Group Executive and Managing Director
13 January 2023

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE International Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of TEE International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

A. Opening balances

We expressed a disclaimer of opinion in our independent auditor's report dated 13 January 2022 in respect of the financial statements for the financial period from 1 June 2020 to 30 September 2021 ("FP2021"). Consequently, our opinion on the current year financial statements for the year ended 30 September 2022 ("FY2022") is modified because of the possible effect of the comparability of the current year's figures and the corresponding figures, as well as the impact on the FY2022 financial statements.

We list the matters arising from the audit qualification in FP2021 and provide an update on these matters as follows:

(i) Unauthorised Remittances

Unauthorised Remittances totalling $6.55 million were made in FY2019. These Unauthorised Remittances have been repaid to the Group in prior years. The Commercial Affairs Department of the Singapore Police Force ("CAD") has started an investigation and had requested further information from the Company. There are no further updates on the CAD investigation that could provide new information or findings to conclude on this.

(ii) Opening Balances

The financial statements for FP2021 of a significant subsidiary, Trans Equatorial Engineering Pte Ltd, were not audited as the said subsidiary is insolvent and has been placed in liquidation. We are unable to perform and complete our procedures to obtain sufficient and appropriate audit evidence over the financial statements of the Group and the accompanying disclosures for FP2021. We were not able to determine whether any adjustments might be necessary to the amounts and disclosures shown in FP2021 financial statements. These have an impact on the opening balances as at 1 October 2021. As the opening balances as at 1 October 2021 form the basis for determining the financial performance, changes in equity and cash flows of the Group for FY2022, we are unable to determine whether adjustments are required to FY2022 financial statements.

(iii) Contingent Liabilities

Various claims had been made in the prior years and in the current year against the Company and the Group in the Engineering & Construction segment for liquidated damages, defects, and/or under guarantees for the performance of contracts.

The outcome of the claims, and counterclaims, cannot be determined with reasonable certainty. We are unable to obtain sufficient appropriate audit evidence on the completeness of the liabilities and contingent liabilities arising from these claims, or to quantify if the provision for defects liability, contract assets and cost of sales are appropriately stated in the accompanying financial statements, and consequently, whether the going concern basis of preparation of financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE International Limited

Report on the Audit of the Financial Statements (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

B. Appropriateness of going concern assumption

Note 1(c) to the financial statements and the factors below indicate the existence of material uncertainties which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

- The Group incurred a net loss of approximately $24,367,000 from continuing operations for FY2022.
- The Group's and the Company's total liabilities exceeded their total assets by $137,045,000 and $146,413,000, respectively, as at 30 September 2022. The Group's and the Company's current liabilities exceeded their current assets by $154,504,000 and $150,435,000, respectively, as at 30 September 2022.
- The bank facility agreements of a subsidiary, PBT Engineering Pte Ltd, include financial covenants which require the subsidiary to meet certain key financial ratios. Since prior financial period, the subsidiary did not fulfil the minimum threshold required for the consolidated net worth and the debt-to-equity ratio. Due to the breaches, the banks had requested for immediate repayments of the outstanding loans amounted to $7,955,000. These were repaid during the year and all facilities granted to the said subsidiary were withdrawn by the banks thereafter.
- Numerous claims have been made against the Group and the Company, the outcome of which cannot be determined with reasonable certainty. Refer to "Contingent liabilities" above.

The Group's and the Company's ability to continue as going concerns is dependent mainly on the successful implementation of the restructuring plan, the ability to secure financing as and when required, the profitability of future operations, and the continuing support of banks, suppliers, and other parties, and/or an injection of capital by a white knight.

Given the multiple uncertainties above, we are not able to determine if the going concern basis of preparation of these financial statements is appropriate. We are also unable to determine the adjustments that may be necessary because of these uncertainties as highlighted above.

C. Insufficient information to complete the audit of the consolidated financial statements of the Group

Management was unable to provide sufficient information for us to complete the audit on certain financial statements' captions over the recoverability of the carrying value of contract assets, completeness and accuracy of liabilities and provisions, and/or to reconcile various evidence mainly for project related items concerning contract assets, trade payables, provisions, write back of costs previously certified in prior years, revenue and costs of sale of a significant subsidiary, PBT Engineering Pte Ltd, as disclosed in Note 12(a) and Note 45 to the financial statements.

As stated in (A)(ii) "Opening balances" above, the financial statements of Trans Equatorial were not audited as the said subsidiary has been placed in liquidation on 12 January 2022. Accordingly, we are unable to perform and complete our procedures to obtain sufficient and appropriate audit evidence over the components making up Trans's contribution of $94,134,000 to profit for the year.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I) s)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE International Limited

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Kon Yin Tong.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 13 January 2023