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 27 NOVEMBER ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 30 SEPTEMBER 2023

The Board of Directors (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 on 30 November 2023 in relation to the Company's announcement dated 27 November 2023 on the Company's financial statements for the full year ended 30 September 2023.

Query 1

As at 30 September 2023, the Group's current liabilities exceeded their current assets by $155.6 million, and the Group has total borrowings of approx. S$12.4 million. The Company disclosed that it is has plans to raise equity funds of S$15 million from a Subscriber, Meta5 Pte Ltd ("**Meta5**"), and a rights issue of S$3.5 million. The Company has also obtained loans, inter alia, from the Subscriber.

(i) To disclose how much of the S$15 million has been drawn, the date(s) the loan was drawn, the breakdown for the use of proceeds and the balance unutilized funds;

(ii) To disclose the outstanding order book of the Group and the expected completion dates of the projects;

(iii) To disclose how the S$15 million equity funds from Meta5 and the S$3.5 million from the potential rights issue will be able to support the repayment of the net current liabilities of S$155.6 million. To provide a breakdown and quantify to support your response;

(iv) Please provide the Board's assessment of the Company's ability to meet its short-term debt obligations when they fall due and ability to fund its ongoing operations, given that the equity fund raising and scheme of arrangement has yet to be implemented; and

(v) Accordingly, please disclose whether the Company has sufficient access to credit facilities to ensure ability to continue to operate as a going concern.

Query 1 (Cont'd)

Company's Response

(i) On 20 January 2023, the Company entered into a loan agreement (the "**Loan Agreement**") with Meta5 for a term loan of up to S$1.8 million and further on 31 October 2023, the Company entered into a supplemental loan agreement to the Loan Agreement (the "**Supplemental Loan Agreement**") for a further loan of up to S$2.0 million. In total, Meta5 has agreed to provide an aggregate loan of up to S$3.8 million cumulatively.

To date, the Company has drawn down a total of S$2.43 million in loans, with the following disbursement dates:

Date of Disbursement	**Loan withdrawn (S$ million)**
FY2023	
10 January 2023	0.30
6 February 2023	0.30
6 March 2023	0.30
6 April 2023	0.24
8 May 2023	0.24
6 June 2023	0.24
7 July 2023	0.18
Subtotal as at 30 September 2023	**1.80**
FY2024	
11 Oct 2023	0.12
20 Oct 2023	0.03
31 Oct 2023	0.18
1 Nov 2023	0.05
15 Nov 2023	0.10
25 Nov 2023	0.15
Subtotal as at 27 November 2023	**0.63**
Total	**2.43**

There is a balance of S$1.37 million unutilised funds.

The summary of the use of proceeds is outlined below:

Use of proceeds	**S$ million**
Repayment of long-term borrowings	0.81
Payment for costs and expenses incurred for restructuring exercise	0.54
Operating expenses	0.88
Payment of income tax	0.20
	2.43

(ii) At the end of the financial year, the Group's engineering and construction business has ceased operations (discontinued operations) following the disposal and liquidations of the entities under the Engineering and Construction Segment. Consequently, there are no ongoing and/or outstanding engineering and construction projects.

Query 1 (Cont'd)

Company's Response (Cont'd)

(iii) The Group's net current liabilities largely consist of payables owed to former subsidiaries and corporate guarantees provided to counterparties on certain former subsidiaries' loans and/or performance bonds. Part of the equity funds raised will be used to repay the Company's liabilities in accordance with the approved scheme of arrangement (the "**Scheme**"). The Scheme comprises principally the following elements:

a. The Company shall make two cash payments amounting to a total of S$3.5 million to the Scheme Creditors on a *pari passu* basis (from the equity funds raised);
b. The Company shall allot and issue up to a maximum of 5,821,942,284 Settlement Shares at the Subscription Price (i.e. the same price for the proposed share issuance to the Subscriber) to the Scheme Creditors on a *pari passu* basis in connection with the debt-to-equity conversion of the Eligible Debts; and
c. Any net cash proceeds from the divestment of the issued shares of Powersource Philippines Distributed Power Holdings Inc (TEE Infrastructure Private Limited, a wholly owned subsidiary of the Company, holds approximately 21.05% of the share capital of Powersource Philippines) shall be distributed to the Scheme Creditors on a *pari passu* basis.

Any debt which is not an Eligible Debt shall not be repaid under the Scheme and shall be forever and irrevocably and unconditionally released, waived and extinguished as against the Company. The relevant announcements on the Scheme were made on 24 February 2023, 13 April 2023, 8 May 2023, 12 May 2023 and 15 June 2023.

(iv) As disclosed in Note 2 of the Company's announcement dated 27 November 2023 on the Company's financial statements for the full year ended 30 September 2023, the Board is of the opinion that based on the current development and progress of the restructuring exercise, the condensed consolidated financial statements of the Company and the Group for the financial year ended 30 September 2023 have been prepared on the assumption that the Group is able to continue as going concern. The going concern assumption is contingent on these factors, including the sufficiency of cash flows generated from the Group's operating activities. It should therefore be noted that the going concern assumption is premised upon, inter alia, (i) the successful completion of the Subscription Agreement and the Second Supplemental Agreement, (ii) the successful completion of the proposed restructuring exercise, (iii) the continuing availability of the existing facilities and financing to the Group for the next twelve months and (iv) the sufficiency of cash flows generated from the Group's operating activities.

Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the same. In this event, assets may need to be realised outside the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheet.

(v) Presently, the Group maintains sufficient operating bank facilities, ensuring the operational needs and the ability to continue operations as a going concern.

Query 2

The Group noted that its former wholly owned subsidiaries PBT Engineering Pte Ltd ("**PBT Engineering**", now known as Tracebuild Pte Ltd), Trans Equatorial Engineering Pte Ltd ("**Trans Equatorial**"), TEE Infrastructure Private Limited ("**TEE Infra**") and TEE E&C (Malaysia) Sdn Bhd ("**TEE E&C (M)**"), (together with the Company, PBT Engineering, Trans Equatorial and TEE Infra, the "**Applicants**") have also filed applications under Section 65 of the Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**") in support of the Company's proposed restructuring.

(i) To explain the reason(s) for the former subsidiaries retaining the name of "TEE" notwithstanding they are no longer under the Group. Please also disclose if or how the Group ensures that there is no conflict of interest or confusion with these subsidiaries as being part of the Group if allowed to retain their identity as subsidiaries of the Group;

(ii) To also state the basis they are in any position to support the group in their proposed restructuring and quantify any amounts related to this basis. To also confirm whether the debt restructuring has lapsed to-date;

(iii) To tabulate a summary of the former subsidiaries and associated companies disposed to-date, the purchasers involved in the disposals, their current ultimate shareholders, their current directors, the sales proceeds from the disposals and the uses of proceeds to-date; and

(iv) To also set out the Company's subsidiaries and associated companies that are under liquidation or have been liquidated and the remaining subsidiaries of the Group, the Company's percentage of interests in the shares of these companies and indicate which are the Company's significant subsidiaries.

Company's Response

(i) The company wishes to clarify that certain entities classified as former subsidiaries have discontinued operations. These entities include PBT Engineering (now known as Tracebuild Pte Ltd), Trans Equatorial and TEE E&C (M).

The company disposed all of its shareholding in PBT Engineering as of 20 February 2023. Trans Equatorial and TEE E&C (M) are currently under liquidation, and the Group has relinquished control over these entities – albeit the Company remains a shareholder of these entities from a legal perspective. There is no conflict of interest or confusion as these entities were de-recognised upon the Company's loss of control upon the aforesaid disposal and liquidation.

(ii) PBT Engineering and Trans Equatorial are Scheme Creditors of the Company. They have submitted their Proofs of Debt, which have been adjudicated by the Scheme Managers for the purpose of voting and determining PBT Engineering and Trans Equatorial's entitlement under the Scheme proposed by the Company. The final adjudicated amounts admitted by the Scheme Managers are as follows:

	Adjudicated Amount
	S$'000
Trans Equatorial Engineering *(in Creditors' Voluntary Liquidation)*	24,803
PBT Engineering *(now known as Tracebuild Pte. Ltd.)*	24,845
	49,648

Query 2 (Cont'd)

Company's Response (Cont'd)

(ii) To date, the Company's proposed debt restructuring is still ongoing and has not lapsed. The key milestones achieved and in progress are set out in Note (1) of the condensed consolidated financial statements for the year ended 30 September 2023. The Company will continue to work with its financial advisors and legal advisors on the restructuring. The Company will make further announcements whenever there are any material developments.

(iii) Throughout the proposed restructuring exercise, only one subsidiary, PBT Engineering has been disposed of, and no associate companies have been divested. Please find below details of the disposal:

Name of subsidiary disposed	Purchasers	Sales proceeds	Use of proceeds
PBT Engineering Pte Ltd *(now known as Tracebuild Pte Ltd)*	Mr. Chia Yoke Heng and ADS Builders (1988) Pte. Ltd.	S$18,000	The proceeds were used to cover relevant costs and expenses incurred to complete the transaction

The relevant announcements on the Disposal of PBT Engineering were made on 3 August 2022, 16 August 2022, 20 December 2022 and 20 February 2023.

(iv) Subsidiaries of the Group and associated companies under liquidation or have been liquidated:

Name of Subsidiary	Proportion of ownership interest and voting power held (before liquidation)	Status
Trans Equatorial Engineering Pte. Ltd.(1)	100%	Under Creditors' Voluntary Liquidation
TEE E&C (Malaysia) Sdn Bhd (2)	100%	Wound up by Order of High Court Penang (Malaysia) under the provisions of the Companies Act 2016 of Malaysia
Arrow Waste Management Pte Ltd	100%	Liquidation completed on 31 August 2023

(1) *Trans Equatorial and its subsidiaries i.e. 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") were de-recognised upon loss of control in 2QFY2022 when Trans Equatorial was placed under CVL as at 12 January 2022.*

(2) *TEE E&C (M) and its subsidiary i.e. TEE Project Solutions Sdn Bhd (collectively, the "TEE E&C (M) Group") were derecognised upon loss of control in 3QFY2022 when TEE E&C (M) was wound up under provisions of the Companies Act 2016 of Malaysia.*

Query 2 (Cont'd)

Company's Response (Cont'd)

(iv) Remaining subsidiaries and associate of the Group:

Name of Subsidiary	Proportion of ownership interest and voting power held	Status
TEE Industrial Pte Ltd	100%	Significant subsidiary
TEE Infrastructure Pte Ltd	100%	Significant subsidiary
G3 Environmental Private Limited*	50.1%	Significant subsidiary
TEE Environmental Pte Ltd	50.1%	Significant subsidiary
TEE Recycling Pte Ltd	50.1%	Significant subsidiary
Envotek Engineering Pte Ltd	50.1%	Significant subsidiary
TEE Solar Pte Ltd	100%	
TEE Water Pte Ltd	100%	
Power source Philippines Distributed Power Holdings Inc.	21.05%	Associate

** G3 Environmental Private Limited owns 50.1% stake in TEE Environmental Pte Ltd, TEE Recycling Pte Ltd and Envotek Engineering Pte Ltd, collectively known as the "G3 Group"*

Query 3

The Company noted that separately, PBT Engineering is also undertaking a separate scheme of arrangement (the "**PBT Scheme**") with its creditors for, inter alia, the restructuring of PBT Engineering's debts. On 10 February 2023, the Company updated that the Scheme Meeting with its creditors was held and the PBT Scheme was approved by a majority of the Creditors presented at the said meeting.

(i) To disclose if the majority of the Creditors include substantially all of the Company's current or former subsidiaries and if so, to quantify the amounts and the breakdown and percentage of the majority who approved the Scheme; and

(ii) To also disclose whether there is a set off of debts owed by the Group to PBT Engineering in determining the amount to be written off of debts under the PBT Scheme.

Company's Response

(i) PBT Engineering is undertaking PBT Scheme to restructure the debts owed by PBT Engineering to its creditors. The majority of the creditors who are part of and approved the PBT Scheme are not the Company's current or former subsidiaries.

In this regard, the Company wishes to highlight that it has divested its interest in PBT Engineering and that the PBT Scheme is separate and not related to the Company's proposed Scheme. It is accordingly not in a position to disclose any information regarding the PBT Scheme.

Query 3 (Cont'd)

Company's Response (Cont'd)

(ii) There was no set off arrangement by the Group to PBT Engineering in determining the amount to be written off of debts under the PBT Scheme. In fact, the debts owed by the Group to PBT Engineering has been included as part of and will be settled through the Scheme.

Query 4

We refer to Note 17 of the unaudited Financial Statements which listed the Group's "Other Payables" including loans and amounts due to various parties.

(i) To provide a breakdown of the amount, terms and dates of the loans extended and the use of proceeds from the loans; and

(ii) To also explain the significant increase in amount for the individual line item which resulted in the balance increase from S$24.8 million in FY2022 to S$49.7 million in FY2023.

Company's Response

(i) The breakdown of the amount, terms and dates of the loans extended and the use of proceeds from the loans are as follows:

Loans	Due / Extended Date	Amount S$'000	Terms	Use of proceeds
Shareholder loans	31 Dec 2023	2,968	Unsecured, interest-free	Working capital loan
Loan from a related party	28 Oct 2023	200	Unsecured, interest-free	Working capital loan
Loan from non-controlling interest	Not applicable	6,188	Unsecured, interest-free and repayable on demand	Working capital loan for G3 Group
Loan from Subscriber	Not applicable	1,800	Unsecured, interest-free and repayable on demand	Please refer to response in Query 1(i)
Loan from third parties	28 August 2024	355	Unsecured, carry a fixed interest of 8% per annum	Working capital loan

Query 4 (Cont'd)

Company's Response (Cont'd)

(ii) The increase from S$24.8 million in FY2022 to S$49.7 million in FY2023 in amount due to former subsidiaries was mainly attributable to the amount due to PBT Engineering Pte Ltd. This amount due to PBT Engineering has been reclassified and recognised as an amount due to former subsidiaries (considered as a third-party payable) in the financial year ended 30 September 2023, due to the completion of the disposal of PBT. This amount is no longer an inter-company balance and is not eliminated at the Group level during consolidation.

BY ORDER OF THE BOARD
TEE INTERNATIONAL LIMITED

Phua Cher Chuan
Chief Executive Officer and Managing Director
4 December 2023