

**LETTER RECEIVED FROM THE COMPANY'S AUDITORS**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**” or the “**Directors**”) of TEE International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 4 September 2019, 5 September 2019 and 6 September 2019 in relation to the remittances of monies between the Company’s subsidiaries and related parties (the “**Previous Announcements**”).

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings and construction as ascribed to them in the Previous Announcements.*

The Company has on 6 September 2019 received a letter from its external auditors Deloitte & Touche LLP (“**Deloitte**”) in relation to the status of the audit of the Group for FY2019 (the “**Deloitte Letter**”). A summary of the contents of the Deloitte Letter is set out below.

**2. CONCERNS RAISED IN RESPECT OF THE REMITTANCES**

As stated in the Company’s announcement on 4 September 2019, the Audit Committee of the Company has been actively taking steps to ascertain the nature of the Remittances and had tasked Deloitte to expand its scope to conduct further checks and reviews with the objective of verifying the nature of the Remittances, identifying whether there are any other such unauthorised remittances and a further strengthening of the Group’s internal control system.

To this end, the Company had also appointed Protiviti Pte. Ltd. (the “**Internal Auditor**”) as the Internal Auditor. The work of the Internal Auditor is ongoing.

On 6 September 2019, the Company received the Deloitte Letter. The Deloitte Letter stated that during the conduct of the audit, Deloitte has been unable to ascertain the nature and purpose of the Remittances and the benefits, if any, therefrom that may accrue to the Group. Deloitte has also acknowledged that neither the Company nor members of the Board authorised the Remittances as these Remittances were made solely on the instructions of Mr. Phua and without the Board’s knowledge or approval.

As such, Deloitte has requested for the Company:

- (a) to provide an understanding of the facts and circumstances relevant to the Remittances;
- (b) to advise on whether the Remittances were made to Oscar or Mr. Phua, as the case may be, for the Group’s business purposes;
- (c) to advise if the Remittances were made in accordance with applicable laws, regulations, rules and guidelines;

- (d) to advise if there were other similar payments made by any entity within the Group to or for the benefit of Mr. Phua and/or his family members, including payments made, if any, to entities in which Mr. Phua is interested in 20% or more of the total voting power therein such as Oscar;
- (e) to advise if there were any other unauthorised payments;
- (f) to consider the legal advice obtained and to decide on the necessary follow-up steps to take in order to ensure that the Group would comply with the requirements of the relevant laws, regulations, rules and guidelines;
- (g) to keep Deloitte informed of any follow-up steps which the Group intends to take;
- (h) to seek the guidance of the SGX-ST in respect of any additional steps that it should take, such as to consider engaging an independent third party to investigate circumstances surrounding the Remittances and the sufficiency of the Group's internal controls;
- (i) to assess the impact, if any, of the results of any internal or independent investigation on the Group's and the Company's financial statements; and
- (j) to provide all relevant supporting information and documents pertaining to the Remittances and the Board's conclusions on the matters stated above.

Deloitte has also stated in the Deloitte Letter that it will not be able to complete the audit until the satisfactory resolution of the concerns raised above.

The Board and management of the Company are aware of the concerns raised in the Deloitte Letter and have been using and will continue to use all best efforts to co-operate and work with Deloitte and the Internal Auditor on Deloitte's concerns. From the contents of the Deloitte Letter, it appears that Deloitte is unable to ascertain the nature of the Remittances. This is notwithstanding the expanded scope tasked by the Audit Committee to Deloitte to further investigate the nature of the Remittances and whether the Remittances were genuine advances or if they were made out for some other purpose.

Given the above inconclusive outcome of Deloitte's expanded work scope, the Company will appoint an external third party independent investigator (the "**External Investigator**") to investigate the facts and circumstances surrounding the Remittances and assess the impact, if any, on the financial statements of the Group, as well as to determine whether there had been any other similar remittances. The External Investigator will liaise and take instructions from the Audit Committee.

### 3. EXTENSION OF TIME APPLICATION

Pursuant to the Rule 707(1) of the Listing Manual of SGX-ST (the "**Listing Manual**"), the Company is required to convene its AGM no later than 30 September 2019, being four (4) months after the end of FY2019. Pursuant to Rule 705(2) of the Listing Manual, the Company is required to announce its 1QFY2020 financial statements no later than 14 October 2019, being 45 days after the quarter end.

In light of the Remittances and the matters raised and requests made by Deloitte in the Deloitte Letter, the Board wishes to announce that the Company will be making an application to the SGX-ST for an extension of time to: -

- (a) comply with the requirement of Rule 707(1) of the Listing Manual for the Company to hold its AGM for the FY2019; and
  - (b) comply with the requirement of Rule 705(2)(b) of the Listing Manual to announce its financial statements for the 1QFY2020,
- (the “**Extension Application**”).

The Extension Application will be made to allow the Deloitte and the Group additional time to address Deloitte’s concerns, to allow Deloitte more time to complete the audit of the Group for FY2019 and for more information to be included in the Company’s annual report for FY2019.

The Company will also apply for a similar extension for the release of its 1QFY2020 financial statements, pending completion of the audit of the Group for FY2019 by Deloitte, to allow the Company to release the 1QFY2020 financial statements prepared on the basis of the audited consolidated financial statements for FY2019.

The Company will also be submitting the necessary application to the Accounting and Corporate Regulatory Authority (“**ACRA**”) for an extension of time to hold its AGM.

#### **4. FURTHER ANNOUNCEMENTS**

The Company will keep shareholders updated on the matters set out in this announcement in due course as and when appropriate.

#### **5. CAUTION IN TRADING**

**Shareholders are advised to exercise caution in trading their Shares. The Company will make further announcements as appropriate or when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

By Order of the Board  
**TEE International Limited**

Saw Chin Choo (Ms)  
Executive Director  
7 September 2019