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

RESPONSE TO THE QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE FY2020 ANNUAL REPORT

The Board of Directors (the "**Board**" or the "**Directors**") of TEE International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to respond to the following queries raised by SGX-ST on 23 October 2020 in relation to the Company's FY2020 annual report for the year ended 31 May 2020 (the "**Annual Report**").

Query 1

The Company has not complied with Provision 2.2 of the Code of Corporate Governance 2018 (the "Code") where Board does not have a chairman and comprises seven members of which three are IDs. Please explain what steps have been taken to ensure compliance with the Provision 2.2 and timeline which Company will comply with the relevant provision.

Company Response

Following the close of offer of the Mandatory Cash Offer by Tramore Global Limited for shares of the Company on 25 August 2020, the Company had appointed two Non-Executive, Non-Independent Directors to the Board. In view of the recent appointments, the Board is in the process of evaluating potential independent directors, reviewing the composition of the Board and Board appointments. The Company plans to implement certain changes to the composition of the Board within two months after the conclusion of the Company's Annual General Meeting.

Query 2

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company Response

All along, the Group adopts a remuneration policy that comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component payouts depend on both the staff's individual performance and each company's performance within the Group. The variable component payouts of the executive directors and key management were assessed based on meeting the predetermined key performance indicators or service conditions and involvement of the personnel in the assignment or project as well as their roles and responsibilities over the performance period. In setting remuneration packages, the Group also takes into account the remuneration and employment conditions within the same industry and in comparable companies.

Based on the above and the Company's disclosure on page 38 of the Annual Report, the Board is of the view that its practices are consistent with the intent of Principle 8 of the Code.

The Company will ensure that the above remuneration policy is disclosed in future annual reports.

Query 3

Please disclose the breakdown of remuneration of the top five key management on a named basis as set out in Provision 8.1 of the Code.

Company Response

Due to competitiveness and commercially sensitive reasons, the Company is not disclosing the remuneration of each of the key management personnel (who are not directors or Interim Group Chief Executive of the Company). The Company believes that the disclosure may be prejudicial to its business interests given that it is operating in highly competitive business environments. Hence, the Company is only disclosing the remuneration of its top five key management personnel, in bands of S$250,000 as follows:

Remuneration Band	Salaries %[a]	Bonuses %[a]	Payment & Other Benefits %
S$250,000 to below S$500,000			
Sim Geok Soon	91.2	8.6	0.2
Chia Yoke Heng	92.4	7.4	0.2
Jannet Ang	94.7	5.3	0
Lim Chin Khuang	88.1	11.9	0
Yeo Ai Mei	90.4	8.9	0.7
Total Remuneration	S$1,481,370.84		

[a]The salaries and bonuses shown are inclusive of Singapore Central Provident Fund Contributions.

Query 4

Please disclose the identity of the consultants who have been engaged to enhance the Company's existing policies and procedures as well as the consultants' track record in advising SGX listed companies on these matters as stated on page 41 of the Annual Report.

Company Response

The consultant who have been engaged was the Business Performance Improvement team of Protiviti Pte. Ltd. ("Protiviti"). Protiviti is a global consulting firm that helps companies solve problems in finance, technology, operations, governance, risk and internal audit. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index. They have served over 60% of FORTUNE 1000® companies and 35% of FORTUNE Global 500® companies. In Singapore they have served companies in both public and private sectors.

The engagement team is an independent team from Internal Auditors and the team members are experienced and qualified. The director of the engagement team, Mr. Lai Kee Yin has over 15 years of consulting experience working with various organisations from Multinationals through Small Medium Enterprises across Asia Pacific, Europe and Middle East Region. He has worked with public listed organisations in Singapore and global organisation of remediation of control gaps, developing enterprise target operating models, process optimization and risk mitigation strategies, governance structure and enabling technology to improve organization and customer service levels. He carries domain knowledge and is an experienced enterprise risk management and internal audit professional.

Query 5

The Company has arranged for training sessions for its middle and top management and Directors in January 2020. Please disclose who was the training provider and training completion date. Please also provide a brief agenda of the training sessions and the relevant personnel who have attended the training.

Company Response

In January 2020, the Company had engaged Business Performance Improvement team of Protiviti to conduct a one-day training session on the policies and procedures of the Related Parties / Interested Person Transaction, Conflict of Interest, Whistleblowing, and Policy Control. This is part of the Company's continuous effort to enhance the awareness and understanding of the Company's policies. The attendees of the training session include executives, managers, senior management and Board of Directors.

Query 6

Please disclose the material weaknesses in controls that has been identified by the Internal Auditors ("IA") and what has been done to-date since it has been one year since September 2019 for the Company to take corrective actions.

Company Response

Appointment of Internal Auditors("IA") on 27 August 2019

On 27 August 2019, the Company appointed Protiviti Pte. Ltd. ("Protiviti"), the IA of the Group, to conduct a review of the Remittances and to provide recommendations for improvements. In addition,

the Board has engaged another independent team from the IA to assist in developing enhancements to the Company's policies and procedures and to conduct training sessions for its middle and top management and Directors.

On 18 October 2019, Protiviti issued its report and the Management had accepted in full the recommendations of the IA, including the recommendations for improvements in respect of Interested Person Transactions ("**IPTs**"), conflict of interest and whistleblowing policy, and the enhancements to the Company's policies relating to cheque signatories.

The Business Performance Improvement team of Protiviti completed the development of the enhancements of the Company's policies and procedures and conducted training sessions for its middle and top management and Directors in January 2020.

Update of Measures by the Company as Announced on 15 March 2020

Management has implemented improvements and enhancements recommended by the IA on the following areas:

a) Changes to Authorised Signatories
b) Enhanced Related Party and Interested Person Transaction Controls
c) Mandatory Training
d) Outsourcing of Enterprise Risk Management, Internal Audit, Legal and Compliance
e) Enhanced Whistleblowing Policy

Internal Audit Performed in FY2020 as Part of 3-year Internal Audit Plan

The internal audit tests on payments and IPT during FY2020 did not show any non-compliance to the enhanced internal controls.

Query 7

Please disclose if the IA is in conformance with the International Standards for the Professional Practice of Internal Auditing promulgated by The Institute of Internal Auditors. If not, what are the standards adopted by the IA and the basis for the Audit Committee's confirmation that the Group's internal controls are adequate and effective.

Company Response

The IA is in conformance with the International Standards for the Professional Practice of Internal Auditing as certified by Larry D. Hubbard, an accredited internal quality assessment validator from Larry Hubbard & Associates.

Query 8

Please provide a breakdown of the interested person transactions entered into with Oscar Investment Private Limited and Yeo Ai Mei during FY2020 and elaborate on the nature of these transactions.

Company Response

	Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
1	Oscar Investment Private Limited	Associate of the Company's Director, Chief Executive Officer and Controlling Shareholder[a]	2,000	-
2	Oscar Investment Private Limited	Associate of the Company's Director, Chief Executive Officer and Controlling Shareholder[a]	1,000	-
3	TEE Industrial Pte Ltd – Yeo Ai Mei[b]	Company Director	114	-

a Phua Chian Kin resigned as Director and Group Chief Executive Officer on 5 March 2020
b Yeo Ai Mei resigned as Director of TEE Industrial Pte Ltd on 5 March 2020

1. The nature of the transaction was in relation to the repayment of unauthorised remittances to the Group which were disclosed on page 114 and 115 of the Annual Report.
2. The nature of the transaction was in relation to the repayment of unauthorised remittances to the Group which were disclosed on page 114 and 115 of the Annual Report.
3. The nature of the transactions was in relation to the rental expenses of TEE Building of S$106,000 and other expenses of S$8,000, paid to TEE Industrial Pte Ltd, a wholly-owned subsidiary of TEE Land Limited prior to disposal of TEE Land Limited.

Query 9

The Company has utilized S$3.45 million for the acquisition of Arrow Waste Management Pte. Ltd. ("AWM"). Please provide background of the acquisition and set out the figures under Listing Rule 1006 and to disclose information required under Listing Rule 1010 as well as breakdown of related expenses incurred for the acquisition.

Company Response

The consideration of the acquisition of AWM's share capital was S$100,000 whilst other related costs are listed in the table below. The relative figures computed on the bases set out under Rule 1006 of the listing manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited did not exceed 5% or S$7.4 million, based on the Net Equity of Group of S$148.1 million at end - FY2018.

The S$3.5 million represented mainly the development costs of AWM's incineration plant, rental expenses and other costs, which are eligible usage under the rights issue "To finance the expansion

and growth of existing businesses, acquisitions and new investments". The detailed breakdown are as follows:

As at 31 May 2020	**Amount (S$'000)**
Land rental	1,989
Property tax	100
Construction costs	1,263
Other costs	101
	3,453

Query 10

The Company has announced ongoing arbitration proceedings in both Singapore and Malaysia on various claims made in relation to a construction contract. A preliminary meeting has been fixed for 20 October 2020 in respect of the arbitration in Malaysia. Please provide an update on the outcome of meeting.

Company Response

As announced on 26 October 2020, further to the preliminary meeting on 20 October 2020 between the Claimant, TEE Malaysia and the Arbitrator, the parties have agreed on a list of procedural matters relating to the Malaysian Arbitration, and based on the procedural timetable, such proceedings are expected to take place from now till the second half of 2022.

By Order of the Board

Saw Chin Choo
Executive Director
26 October 2020