



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 PROPOSED DISPOSAL OF 704,000 SHARES IN GLOBAL ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED ANNOUNCEMENT

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 19 January 2021 in relation to the proposed disposal of 704,000 shares in Global Environmental Technology Company Limited announcement, dated on 14 January 2021.

Query No. 1

Please provide further details on the Purchaser: details of the directors, substantial and controlling shareholders, size of the firm, year and place of incorporation.

Company’s Response

The Purchaser, Chartchewa Company Limited is a private company incorporated under the laws of Thailand on 5 August 1997 and is principally involved in real estate development and infrastructure investment. The shareholders of the Purchaser are the Panichewa family, and the executive director of the Purchaser is Mr. Chartchai Panichewa.

Under its real estate development segment, the Purchaser is the 67.74% controlling shareholder of Chewathai Public Company Limited, a public company in Thailand primarily engaged in real estate development. Based on the review report and interim financial statement of Chewathai Public Company Limited and its subsidiaries, as at 30 September 2020, Chewathai Public Company Limited had total assets of approximately 6.4 billion baht. Under its infrastructure investment segment, the Purchaser holds 51% of the issued shares in the capital of GETCO prior to this transaction.

Query No. 2

Please elaborate on the major development and infrastructure projects which the Purchaser was involved with over the last 5 years.

Company's Response

The table below sets out the major real estate development and infrastructure projects which the Purchaser was involved with over the last 5 years:

Real Estate Development projects

Project Name and Description	Region in Thailand	Total Number Of Units	Completion Date
<u>Chewathai Residence Thonglor</u> A condominium project comprising a single building with 8 floors.	Bangkok	130	December 2019
<u>Chewathai Phetkasem 27</u> A condominium project comprising a single building with 26 floors.	Bangkok	638	July 2018
<u>Chewathai Residence Bang Pho</u> A condominium project comprising a single building with 24 floors.	Bangkok	172	December 2016
<u>Chewathai Residence Asoke</u> A condominium project comprising a single building with 29 floors.	Bangkok	315	December 2016
<u>Hallmark Ngamwongwan</u> A condominium project comprising four buildings each with 8 floors.	Nonthaburi	792	March 2016

Infrastructure projects

Project Name	Nature of Contract	Period
Bang Sue Environmental Education and Conservation Center Phase 2	Project outsourcing water treatment system maintenance and administration	5 Years: 1 January 2020- 31 December 2024
Airport of Thailand Public Company Limited	Wastewater Management System Control Service and Waste Management at Don Mueang Airport	3 Years: 1 October 2020 - 1 October 2023

Query No. 3

Please disclose how was the Company introduced to the Purchaser and the identity of the introducer. To disclose if the Company, its existing directors, former directors and key management had any previous dealings with the introducer and Purchaser. If so, to disclose the details accordingly.

Company's Response

The Company was not introduced to the Purchaser by any third party introducer. The Company first became acquainted with the Purchaser in 2008 through mutual business contacts and became associate partners in Chewathai Public Company Limited, which the Company held through TEE Land Limited (when it was still a subsidiary of the Company). TEE Land Limited subsequently disposed of its entire 31.88% stake in Chewathai Public Company Limited to the Purchaser in December 2017.

The Purchaser is also the current controlling shareholder of GETCO with whom the Company, its current and former directors and its key management have worked with as shareholders of GETCO.

Save as disclosed herein, none of the Company its existing directors, former directors and key management has had any previous dealings with the introducer and Purchaser.

Query No. 4

Please disclose when was GETCO acquired by the Company and how much had been invested in GETCO by the Company to-date, including any loans extended to GETCO. Please disclose the level of the Company's ownership in GETCO at the point of its acquisition and who are the other shareholders of GETCO.

Company's Response

On 6 June 2011, Chewathai Public Company Limited (then known as Chewathai Limited), which was at the time a 49% associated company of the Company and held through TEE Development Pte Ltd (the Company's wholly-owned subsidiary) had entered into a sale and purchase agreement to acquire 1,600,000 ordinary shares representing 100% of the issued and paid-up share capital of GETCO for a consideration of THB240.0 million (approximately S\$9.7 million based on prevailing exchange rates as at June 2011). Subsequently in January 2013, Chewathai Public Company Limited disposed of its shareholding in GETCO to TEE Group, pursuant to which TEE Water Pte. Ltd. (formerly known as TEE Resources Pte. Ltd.) acquired a 49% shareholding stake in GETCO while the Purchaser acquired a 51% shareholding stake in GETCO.

The total cost of the Company's investment in GETCO to-date as recorded in the Company's book is S\$4.9 million. The Company had previously also extended shareholder's loans of an aggregate amount of S\$1.8 million to GETCO in February 2013 and such loans have been fully repaid in December 2014.

Query No. 5

The NTA of the Shares recorded in the Company's accounts is S\$9.73 million (which represents 49% of shareholding in GETCO) however the aggregate consideration is only S\$3.52 million for 44% of the shareholdings in GETCO. Please justify the basis of valuation and whether the Company's accounts were inflated in relation to the book value of GETCO recorded by the Company.

Company's Response

Based on the unaudited consolidated financial statements of the Group for the half year ended 30 November 2020, the net tangible asset value of the entire issued share capital of GETCO in the Company's accounts is approximately S\$9.73 million. Accordingly, 44% of such book value (i.e. that of the Sale Shares) would be S\$4.28 million.

The equity method of accounting is used as the basis of the valuation of GETCO in the company's book. The book value of GETCO recorded by the company is true and fair and in accordance with the Company's past audited financial statements and unaudited periodic financial reporting.

Please also refer to the Company's announcement of 14 January 2021, wherein it is stated that the Consideration was negotiated between the parties at arm's length and arrived at on a willing buyer-willing seller basis.

Query No. 6

Please disclose whether the consideration of S\$3.52 million has been fully paid to the Company. If not, to disclose the terms of payment and payment due date.

Company's Response

The Consideration will be paid by the Purchaser on Completion. As set out in paragraph 3.2 of the announcement, completion of the Proposed Disposal is expected to take place on 22 January 2021 (subject to extension upon mutual agreement between the parties) and the Company is currently working with the Purchaser on the documentation and logistics matters required for Completion. Accordingly, the Consideration has not been fully paid to the Company as at the date of this response.

Query No. 7

Please explain the rationale why the Company is selling GETCO to raise funds for the acquisition of TEE Industrial Pte. Ltd given that the net proceeds from the sale of TEE Land Limited was S\$48.3 million which was completed in 2020. To elaborate how was the sales proceeds from the sale of TEE Land Limited utilised.

Company's Response

The total net proceeds from the Company's sale of its entire shareholding interest in TEE Land Limited amounted to S\$48.3 million and was utilised as follows:

	Utilised Amount S\$'000
(a) Repayment of borrowings and notes payables	29,500
(b) Part of the consideration for the acquisition of the entire issued and paid-up capital of TEE Industrial Pte. Ltd. (" TEE Industrial Acquisition ")	8,500
(c) For general working capital and E&C projects	10,270
Total	48,270

The Proposed Disposal is undertaken as part of the Company's continued efforts to selectively divest its investment in its overseas infrastructure assets. In this regard, it is noted that as majority of the gross proceeds from the TEE Land Sale were allocated to reducing the Group's indebtedness at the relevant point in time, the remaining funds allocated to funding the TEE Industrial Acquisition was not sufficient to fully cover the consideration thereof. As such, the Company intends to use part of the proceeds from the Proposed Disposal to fund such remaining amounts required to cover the consideration of the TEE Industrial Acquisition.

By Order of the Board
TEE International Limited

Saw Chin Choo
Executive Director

21 January 2021