



TEE INTERNATIONAL LIMITED

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

UPDATE ON MEASURES IMPLEMENTED BY THE COMPANY

The Board of Directors (the “**Board**” or the “**Directors**”) of TEE International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcements dated 4 September 2019, 5 September 2019, 7 September 2019, 13 September 2019, 3 March 2020, 4 March 2020, 5 March 2020 and 9 March 2020 (the “**Previous Announcements**”). The Board refers further to the SGX RegCo’s Statement on the Company’s External Investigator’s Report released on SGXNet on 3 March 2020.

Unless otherwise expressly specified, capitalised terms used in this announcement shall bear the same meanings as defined in the Previous Announcements.

The Board wishes to update shareholders on the matters raised in the findings of the External Investigator. At the outset, the Board notes that the External Investigator had found, inter alia, that the cheques for the Remittances (as defined in the Previous Announcements) were signed without supporting documents, despite the presence of established policies and procedures in place. The Remittances were made on the basis of verbal instructions and management override of internal controls. By end August 2019, the amounts of remittances were fully returned by Mr Phua Chian Kin (“**Mr CK Phua**”) to the Group. Following the release of the External Investigator’s findings, Mr CK Phua has since ceased to be a Director and employee of the Company. The Company is presently in the process of finding a replacement for the Group Chief Financial Officer (“**CFO**”).

As part of the Board’s commitment to ensure strong internal controls and high standards of corporate governance, the Board has reviewed the established policies and procedures of the Company and enhanced its existing policies and procedures following the occurrence of the Remittances. Since the Remittances came to light, the Board had also commissioned the Company’s internal auditors, Protiviti Pte. Ltd. (the “**Internal Auditors**”) on 27 August 2019, to conduct a review of the Remittances and to provide recommendations for improvements. In addition, the Board has engaged another separate team from the Internal Auditors 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 in January 2020. The Company has reported to the Accounting and Corporate Regulatory Authority on the findings of the External Investigator.

The Board, the Audit Committee (“**AC**”) and the Management have accepted in full the recommendations of the Internal Auditors, 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 Management has since implemented these improvements and enhancements recommended by the Internal Auditors. The testing of the implementation of the improvements and the enhanced policies and procedures by the Internal Auditors is currently ongoing as part of the current 3-year internal audit plan.

Moving forward, the Internal Auditors will conduct tests on payments and IPT on a half-yearly basis in the current 3-year internal audit plan.

Changes to Authorised Signatories

Since September 2019, (a) Mr CK Phua had been removed as an authorized signatory for all payments by the Group; (b) the number of signatories required for approval of payments over S\$50,000 has been increased from two to three; (c) the Interim Group Chief Executive Office (“**GCE**”) and the Group CFO are prohibited from jointly approving payments; and (d) the Group CFO and the Financial Controller are prohibited from jointly approving payments. Tiered upper limits have also been established in the approval process which require, at separate tiers, Executive Committee or Board approval. The bank mandates will be reviewed on a half-yearly basis or when there is a change of signatories. The Company is currently in the process of removing the current Group CFO and Financial Controller as authorised signatories for all payments by the Group.

Enhanced Related Party and Interested Person Transaction Controls

Since 25 November 2019, the Board has enhanced the reporting of Company’s related party (“**RP**”) / interested person (“**IP**”) transactions. A comprehensive and consolidated RP/IP register is now maintained by the Human Resources department (“**HR**”) based on the lists of related parties submitted by the staff to their managers quarterly. The calculation and monitoring of the IPT thresholds by the Finance Department, and the list of RP/IP transactions are now reviewed by the Internal Auditors before being submitted to the AC for review on a quarterly basis or as and when necessary.

All payments can only be made to valid and approved vendors with an ID set up in the accounting system. The approved vendor list is subject to half-yearly review by the procurement department. The Company has now enhanced its policies to prohibit payments to RP/IP which are not on the approved vendor list. The finance team and the authorised bank signatories will also continue to check and ensure that all payees, including payees who are RP/IP, have a valid Vendor ID code before payment can be processed, approved and released.

Other measures taken by the Company to enhance its internal controls include:

- (a) Quarterly self-declaration by key management personnel and directors on RP/IP transactions;
- (b) All RP/IP details are formally tracked in the consolidated RP/IP register;
- (c) All RP/IP transactions are to be reviewed and approved in accordance to the Delegation of Authority (“**DOA**”) matrix;
- (d) An enhanced fund transfer application form which identifies whether a transaction is an RP/IP transaction, the purpose of the transaction, and whether board approval is necessary;
- (e) Creation of new creditor / debtor codes to enhance the identification of RP/IP transactions;
- (f) Reconciliation of General Ledger transaction listings against the consolidated RP/IP register to ensure that all RP/IP transactions are identified and reported.

Mandatory Training

The Group will carry out mandatory training on its policies including conflicts of interest, RP/IP and whistleblowing on all new employees and annual training or refresher courses on existing employees. The Group is also implementing a complete awareness campaign of its policies including townhall sessions, training sessions and display of information on bulletin boards.

Outsourcing of Enterprise Risk Management, Internal Audit, Legal and Compliance

To enhance the Company’s corporate governance, the Group’s Internal Audit function has been fully outsourced to the Internal Auditors. The Group’s Enterprise Risk Management function will also be outsourced to the Internal Auditors. The Group’s Legal and Compliance functions have been outsourced to its corporate service provider and legal advisers. The Internal Auditors has a primary reporting line

to the AC and the internal audit cycles within the Company's 3-year internal audit plan will be determined by the AC.

Enhanced Whistleblowing Policy

The Group has enhanced its whistleblowing policy to ensure that any whistleblowing report made through email will be automatically directed to the AC. The Group already has in place a whistleblowing hotline, and a receiving officer has been appointed by the AC to ensure that any whistleblowing report made will be recorded and reported to the AC.

The Board will continue to take all necessary actions in the best interests of the shareholders and the Group. The Board will make further announcements to update the shareholders of the Company as and when necessary.

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
Executive Director
15 March 2020