

TEE INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200007107D)

(A) REMITTANCES OF MONIES BETWEEN THE COMPANY'S SUBSIDIARIES AND RELATED PARTIES

(B) CLARIFICATION ON THE ANNOUNCEMENT DATED 30 JULY 2019

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of TEE International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that in the course of the preparation of the full year financials for the financial year ended 31 May 2019 (“**FY2019**”), the Board had identified remittances of monies (i) by the Company's subsidiary to a related party; and (ii) by certain related parties to the Company's subsidiaries (collectively, “**Remittances**”), which the Board and/or the Executive Committee were not aware of.

As at the date of this announcement, the monies under the Remittances have been **fully repaid** by and to the Group, respectively.

2. REMITTANCES

The Remittances were made and received, as the case may be, under the instruction of Phua Chian Kin (“**Mr. Phua**”), Group Chief Executive (“**GCE**”) and Managing Director of the Company.

The Remittances (and their corresponding repayment by the related parties and the Company's subsidiaries, as the case may be) are set out below:

Date paid	Paid by	Received by	Amount (S\$)
19 July 2018	Oscar Investment ⁽¹⁾	PBT Engineering ⁽²⁾	2,800,000
24 July 2018	PBT Engineering	Oscar Investment	2,800,000
12 February 2019	Trans Equatorial ⁽³⁾	Mr. Phua ⁽¹⁾	500,000
27 February 2019	Mr. Phua ⁽¹⁾	Trans Equatorial	500,000
1 March 2019	PBT Engineering	Oscar Investment	2,000,000
4 March 2019	Trans Equatorial	Oscar Investment	1,000,000
8 March 2019	Trans Equatorial	Oscar Investment	250,000
31 May 2019	Oscar Investment	Trans Equatorial	250,000
28 August 2019	Mr. Phua	PBT Engineering	1,500,000
29 August 2019	Oscar Investment	Trans Equatorial	800,000
29 August 2019	Mr. Phua	Trans Equatorial	200,000
29 August 2019	Mr. Phua	PBT Engineering	500,000

Notes:

- (1) Oscar Investment Private Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Phua.
- (2) PBT Engineering Pte. Ltd. (“**PBT Engineering**”) is a wholly-owned subsidiary of the Company.

- (3) Trans Equatorial Engineering Pte. Ltd. ("**Trans Equatorial**") is a wholly-owned subsidiary of the Company.

The Remittances when made were not disclosed to (i) the Executive Committee, Audit Committee or Directors of the Company; or (ii) the boards of directors of PBT Engineering or Trans Equatorial, and none of the Company, Trans Equatorial and PBT Engineering, their boards of directors, the Executive Committee and the Audit Committee were aware of the Remittances at the time.

The Board has since the discovery of the Remittances taken the following steps:

- (a) the Company has instructed the Company's external auditors Deloitte & Touche LLP (the "**Auditors**") and internal auditors Protiviti Pte. Ltd. (the "**Internal Auditor**") 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 strengthening the Group's internal controls system, details of which are mentioned below; and
- (b) the Company and its Independent Directors have engaged respective legal counsels to provide legal advice.

3. REVIEW AND STRENGTHENING OF THE GROUP'S INTERNAL CONTROLS SYSTEM

The Internal Auditor and Business Control and Risk department of the Group ("**BCR**") will, in consultation with the Audit Committee and independent of the Company's management, enhance the scope of review on key internal controls in selected areas, including the authorisation of payments made from the Company subsidiaries, and report their findings to the Audit Committee and recommend areas for improvement to strengthen the Group's internal controls system. The internal controls review has commenced on 2 September 2019.

Pending the completion of the review by Internal Auditor and BCR, the Audit Committee has implemented interim enhanced internal control measures in relation to all payments or remittances by and to related parties of the Group (including Mr. Phua) and have removed Mr. Phua as an authorised signatory for all payments by the Group.

Pending the completion of the review by Internal Auditor and BCR, the Audit Committee has also recommended that Mr. Phua recuse himself from his role as GCE and from voting on the Board, and the Audit Committee and Nominating Committee has proposed Mr. Eric Phua as interim GCE until the completion of the internal controls review. The Board is considering these recommendations.

The Board wishes to assure shareholders that the Group will continue to work on improving the internal controls and risk management at the respective subsidiary levels. The Audit Committee will review the findings of the Internal Auditor and BCR, as well as any recommended areas for improvements that may be identified, and implement suitable improvements once the internal controls review is concluded.

4. CLARIFICATION ON THE ANNOUNCEMENT MADE ON 30 JULY 2019

The Board wishes to clarify that in respect of the words "*and advances of S\$3 million to secure new projects for the engineering business*" found on page 18 of the announcement made by the Company on 30 July 2019, the Audit Committee has come to the view that these are

payments that are more properly classified unauthorised remittances to Oscar Investment, a company controlled by Mr. Phua. The Board and the Audit Committee notes that this amount has since been **fully repaid** by Mr. Phua on 28 and 29 August 2019.

5. REQUEST FOR LIFTING OF TRADING HALT

The Company will be requesting for the lifting of the trading halt after the appropriate announcements have been made.

6. FURTHER ANNOUNCEMENTS

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

7. 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
4 September 2019