UNITED, INSPIRED & EMPOWERED

25 YEARS OF TEE GROUP

TEE International Limited

2016 Annual Report

TEE

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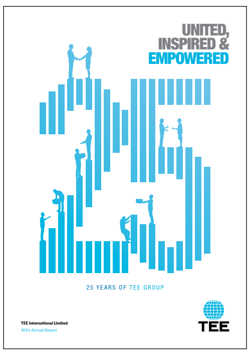


ABOUT THE 2016 ANNUAL REPORT

This year's annual report reflects TEE Group's commitment and passion to grow. As TEE celebrates its 25th anniversary, it is embarking on the next chapter of its growth journey. TEE International continues to enhance its capabilities, deliver its promise of quality, and empower its people.

Listed in 2001, **TEE INTERNATIONAL LIMITED** ("TEE" or together with its subsidiaries and associated companies, "TEE Group") is a leading regional engineering group with business interests in real estate and infrastructure that spans across Singapore, Thailand, Malaysia, Hong Kong, Australia and New Zealand. Its core engineering business dates back to 1991 when it was first established as a general electrical contractor. Anchored on a strong track record in delivering quality and value-added integrated engineering solutions, TEE is now recognised as a trusted partner in the engineering industry.

Through its majority-owned SGX Mainboard-listed subsidiary, TEE Land Limited, TEE undertakes the development of residential, commercial, and industrial property projects, as well as invests in income-generating properties in Singapore and the region. With a focus on growing a diversified and resilient enterprise, TEE has also expanded into the Infrastructure business by investing in assets in the Water, Power, and Infocommunications segments.

TEE AT 25

CELEBRATING UNITY, INSPIRATION AND EMPOWERMENT

An Enduring Commitment.

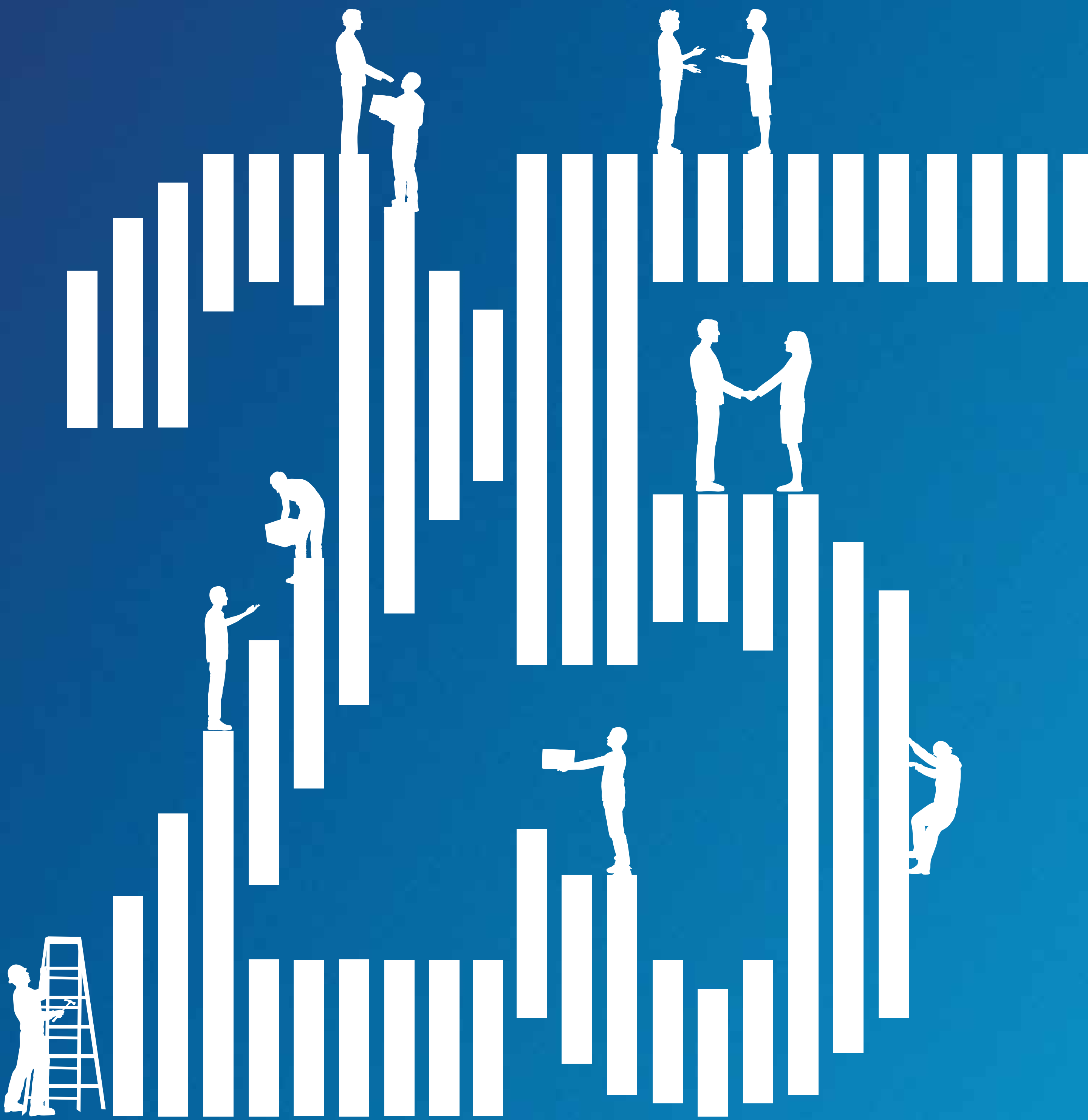
For 25 years, we at TEE International have anchored ourselves to a vision of becoming a world-class Engineering, Infrastructure and Real Estate player.

A Pioneering Spirit.

When we began our journey of growth, we were guided by our aspirations and our values. And we understood early on that, to realise our dreams, we have to make Innovation a driving force for all our actions.

A United Team.

As we celebrate our 25th anniversary, the statement "Teamwork Makes the Vision Work" perfectly captures what has made TEE International competitive, resilient, different and well-positioned for the future: the unity of our people.



THINGS

TO KNOW ABOUT TEE

2016 marks an important milestone for TEE International. This year, we celebrate our 25th Anniversary and look forward to a vibrant future as a solid, united team.

The progress we've made, the accomplishments we've earned, the challenges we've overcome—these are the things we are proud of. And these are the things that will continue to inspire us moving forward.

01

STARTING POINT.
Mr. Phua Chian Kin (also known as C K) started his career in the M&E industry in 1981 when he joined the LK-NES Group. C K decided to strike out on his own to set up Trans Equatorial Engineering Sdn Bhd in Sabah to provide engineering services.

02

A SIGNIFICANT STEP
In 1991, C K acquired the entire share capital of Trans Equatorial Engineering (SEA) Pte Ltd and established the engineering services business to provide small sub-contracting jobs.

03

THE PIONEER TEAM
Back then, the team comprised C K, his wife, Ms. Tay Kuek Lee, and his youngest brother, Mr. Eric Phua.

07

STARTING OUR TRACK RECORD
Our major breakthrough came when we were involved in a sizable project for the National University of Singapore in 1996, which led to subsequent projects being awarded by other educational institutions.

10

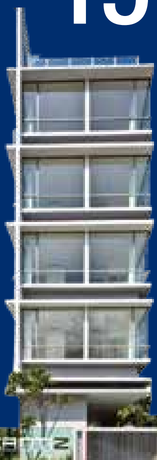
STAYING RESILIENT
Through the Asian Financial Crisis, we stayed resilient, gaining new major clients - such as CAAS, Cisco Security Technology Pte. Ltd, ITE, LTA, PWD, and Singapore Polytechnic- while maintaining our quality assurance and prompt delivery of projects.

11

GAINING RECOGNITION
We were awarded the Enterprise 50 Award in 2000, being recognised for contributing to economic development in Singapore and abroad.

15

A NEW VENTURE
Through its subsidiaries, TEE expanded into the real estate sector in 2006, with its early developments being Thomson Duplex and Cantiz@Rambai.



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CLINCHING LANDMARK PROJECTS
In 2008, TEE secured major engineering contracts from Civil Aviation Authority of Singapore among other projects such as Addition & Alteration ("A&A") works for selected SMRT's MRT stations, Mechanical and Electrical ("M&E") works for Marina Bay Sands™, Asia Square Tower 1 and Fusionopolis.

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ANOTHER MILESTONE
TEE Group was successfully migrated to the SGX-Mainboard in 2008.

20

TEE LAND GETS LISTED
Our Real Estate Business, TEE Land Limited, was successfully listed on the SGX-Mainboard in June 2013 and continues to build up its portfolio of real estate developments while diversifying its assets.

21

EXPANDING OUR FOOTPRINT
TEE ventured into New Zealand in 2013 and Australia in 2014 through its associated company TEE Land Limited.

22

CMC INFOCOMM GETS LISTED
Our associated company - CMC Infocomm Limited, a regional integrated and innovative communications solutions and services provider- was listed on the Catalist Board of SGX in August 2015.

23

UP FOR MORE
To date, TEE Group is capable of delivering mega engineering projects that are worth over S$150 million and has established a regional presence across seven countries in Asia Pacific. Associated company, Chewathai Public Company Limited was listed on the Market for Alternative Investment of the Stock Exchange of Thailand in April 2016.

04

THE FIRST HOME BASE

In our early days, we operated from various service offices before moving into office units in various Singapore industrial estates.

05

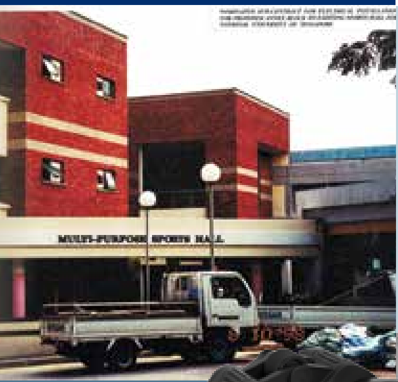
EVOLUTION

Over time, a successful operating track record was established and the company received its BCA "L4" grading in the "Electrical Engineering" category. Subsequently, the company was renamed "Trans Equatorial Engineering Pte Ltd" in October 1994.

06

FOCUS ON M&E

From the mid-1990s, TEE focused on providing M&E solutions mainly for the Infrastructure and Rebuilding sectors.



08

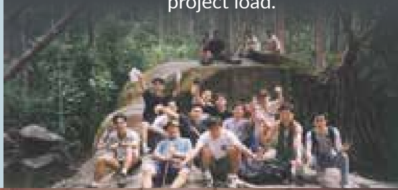
EXPANSION

To keep in pace with rising customer demands in the infrastructure and rebuilding sectors, as well as to provide value-added integrated services, PBT Engineering Pte. Ltd. and TEE Industries Pte. Ltd. were incorporated in October 1996 and March 1997 respectively.

09

GROWING TEAM

Our staff head count grew at a rapid pace to support the increase in project load.



12

NEW MILLENNIUM, NEW HORIZONS

In 2000, we expanded our footprint into Thailand where we secured a contract with the National Housing Authority of Thailand for the estate management.

13

JOINING SGX

In 2001, TEE was listed on SGX-SESDAQ (now known as the Catalist Board of SGX).

14

INCREASING INVESTMENTS

Following the IPO, TEE sought regional expansion centred on acquisitions and projects that are synergistic and complementary to our core businesses, making investments and gaining projects in Thailand and Indochina.

18

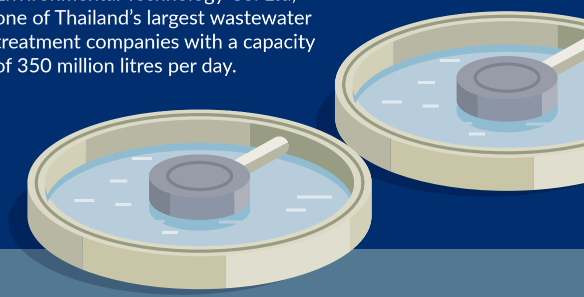
SEIZING AN OPPORTUNITY

Our Real Estate business expanded into Thailand via a partnership to form Chewathai Limited – launched our first residential development, Chewathai Ratchaprarop in Bangkok, Thailand.

19

PREPARING FOR THE FUTURE

In 2011, we invested into Global Environmental Technology Co. Ltd, one of Thailand's largest wastewater treatment companies with a capacity of 350 million litres per day.



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TURNING 25

This year, we proudly celebrate our 25th Anniversary in the new TEE Building which houses all of TEE Group's operations. Our people, combined with their skills and talents, will continue to take the company to greater heights.

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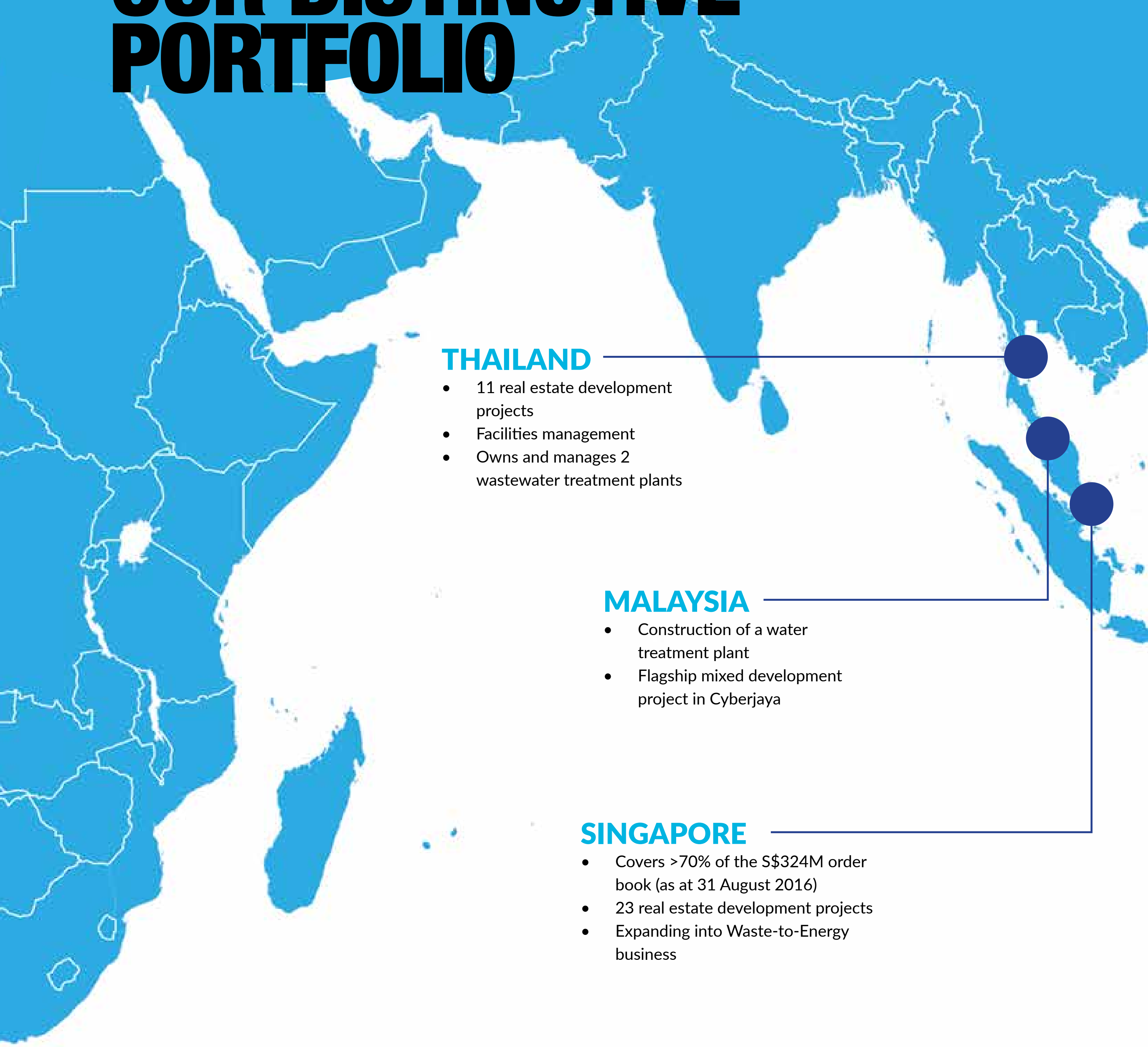
PROGRESSING WITH ACHIEVEMENTS

In June 2016, TEE International was awarded a bronze award for "Best Annual Report for Companies with Less than S$300 million in Market Capitalization" at the 2016 Singapore Corporate Awards. This award recognises our efforts towards effective and meaningful disclosure to all stakeholders.

TEE AT
A GLANCE

OUR DISTINCTIVE PORTFOLIO



THAILAND

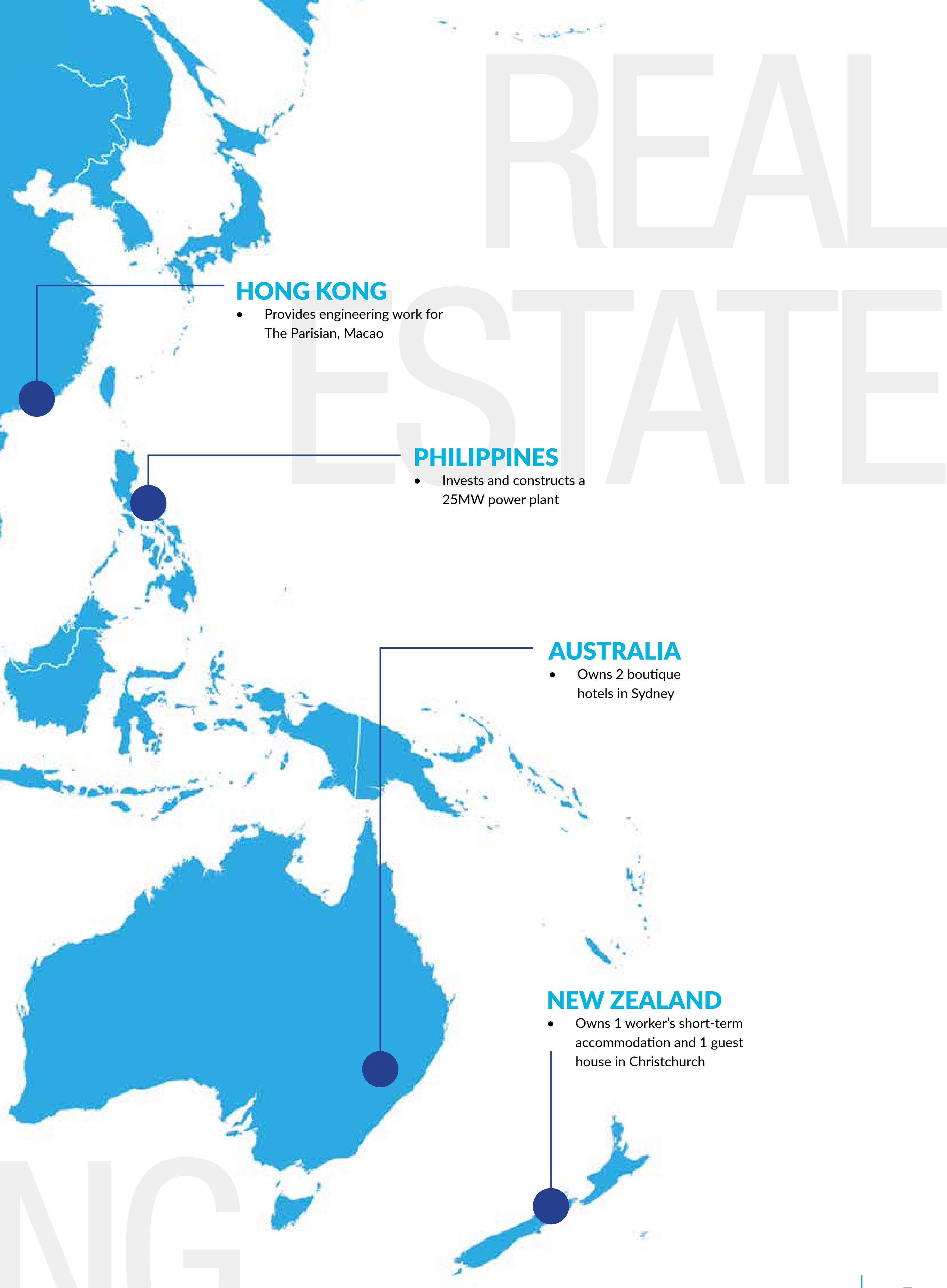
- 11 real estate development projects
- Facilities management
- Owns and manages 2 wastewater treatment plants

MALAYSIA

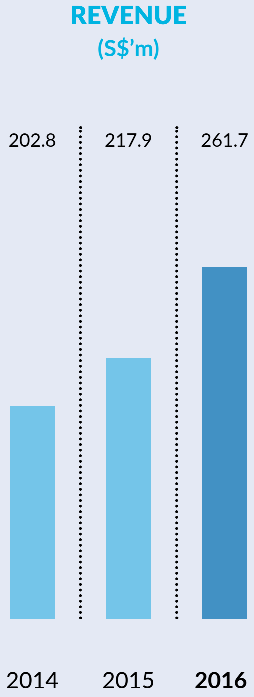
- Construction of a water treatment plant
- Flagship mixed development project in Cyberjaya

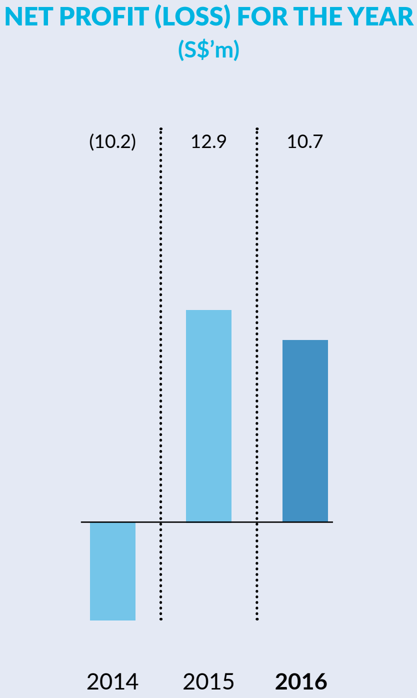
SINGAPORE

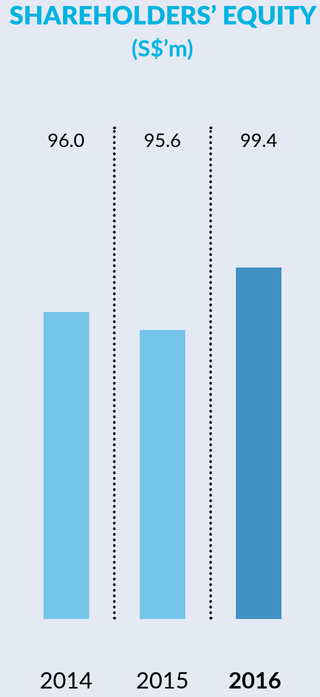
- Covers >70% of the S$324M order book (as at 31 August 2016)
- 23 real estate development projects
- Expanding into Waste-to-Energy business

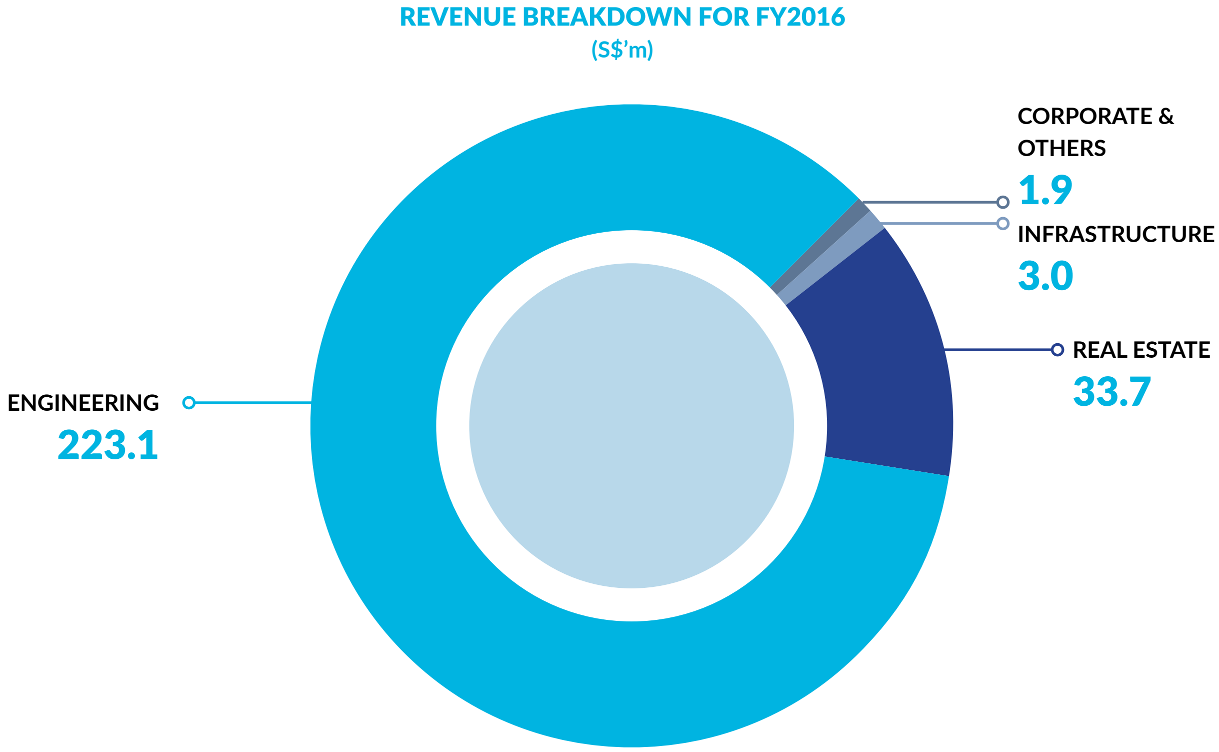

REAL ESTATE
HONG KONG
• Provides engineering work for The Parisian, Macao
PHILIPPINES
• Invests and constructs a 25MW power plant
AUSTRALIA
• Owns 2 boutique hotels in Sydney
NEW ZEALAND
• Owns 1 worker's short-term accommodation and 1 guest house in Christchurch

GROUP FINANCIAL HIGHLIGHTS









	2016	2015	2014 (Restated)	2013 (Restated)	2012
FOR THE YEAR					
Revenue (S$'000)	**261,706**	217,895	202,823	216,541	143,631
Gross Profit (S$'000)	**29,855**	35,862	2,508	31,831	31,152
Gross Profit Margin (%)	**11.4**	16.5	1.2	14.7	21.7
Earnings (Loss) before interest, tax, depreciation and amortisation (EBITDA) (S$'000)	**23,844**	23,079	(5,773)	20,329	22,421
Operating Profit (EBIT) (S$'000)	**19,089**	19,701	(7,405)	18,269	21,853
Profit (Loss) before tax (S$'000)	**11,746**	15,074	(8,317)	17,995	22,195
Pre-tax profit margin (%)	**4.5**	6.9	(4.1)	8.3	15.5
Profit (Loss) for the year (S$'000)	**10,719**	12,882	(10,236)	15,089	19,117
After-tax profit margin (%)	**4.1**	5.9	(5.0)	7.0	13.3
Profit (Loss) attributable to owners of the Company (S$'000)	**8,404**	11,133	(13,258)	15,005	19,286
AT YEAR END (S$'000)					
Current assets	**391,888**	366,635	329,132	281,078	171,916
Total assets	**592,951**	557,575	444,105	365,858	241,693
Current liabilities	**244,002**	233,767	180,354	174,796	102,402
Total liabilities	**423,916**	395,389	301,776	263,640	167,388
Total debts (including finance lease)*	**271,358**	256,677	212,009	165,530	103,411
Equity attributable to owners of the Company	**99,423**	95,565	96,038	94,990	75,635
Total equity	**169,035**	162,186	142,329	102,218	74,305
Number of shares as at 31 May ('000)	**503,223**	503,222	493,026	466,228	372,289

* Excluding long-term loan of S$4,050,000 due to a joint developer.

	2016	2015	2014 (Restated)	2013 (Restated)	2012
PROFITABILITY RATIOS					
Return on shareholders' equity (%)	**8.5**	11.6	(13.8)	15.8	25.5
Return on total assets (%)	**1.4**	2.0	(3.0)	4.1	8.0
LEVERAGE RATIOS					
Long-term debt to equity ratio (times)	**1.05**	0.95	0.8	0.8	0.8
Total debt to equity ratio (times)	**1.6**	1.6	1.5	1.6	1.4
Interest cover (times)	**2.2**	2.8	(2.2)	7.9	14.3
LIQUIDITY ANALYSIS RATIOS					
Current ratio (times)	**1.6**	1.6	1.8	1.6	1.7
Net asset value per share (cents)	**19.8**	19.0	19.5	20.4	20.3
SHAREHOLDERS' INVESTMENT RATIOS					
Earnings (Loss) per share – basic (cents)	**1.67**	2.24	(2.75)	3.56	5.39
Gross dividend per share (cents)	**0.33**	2.50	0.95	3.15	2.35
Dividend cover (times)	**5.1**	0.9	(2.9)	1.1	2.3
PRODUCTIVITY					
Number of employees	**532**	456	494	795	336
Revenue/employees (S$'000)	**491.9**	477.8	410.6	272.4	427.5
Number of employees (excluding workers)	**379**	296	248	226	218
Revenue/employees (S$'000)	**690.5**	736.1	817.8	958.1	658.9

WORKING TOWARDS A COMMON GOAL

CHAMPIONING EXCELLENCE TOGETHER.
Aspiring together, moving together and working together. We are united by our commitment to deliver excellence in Engineering, Infrastructure and Real Estate solutions in the region.

1


LEVERAGING ON CORE FUNDAMENTALS IN ENGINEERING

At TEE, we take pride in our ability to deliver high-quality work promptly for our clients. As such, our Engineering business has established a track record in delivering large-scale and complex engineering projects for internationally recognised clients. Coupled with our ability to secure projects from reputable and repeat clients, we have established a competitive advantage over international and domestic competitors. TEE Group continues to harvest the capabilities of a dedicated and experienced management team as we continually bid for sizable projects with a balance of high-value and complex engineering components.

2


INTEGRATED BUSINESS PLATFORM ENHANCES BUSINESS SYNERGIES

Through an integrated business platform made up of our three main businesses – Engineering, Real Estate and Infrastructure, we are able to create synergies and value for TEE Group. By virtue of our established reputation and capabilities built from our Engineering business, we are able to grow and expand into complementary businesses and new markets, where we can tap on our existing business network in the region.

To ensure sustainable growth, TEE is focused on growing its real estate developments through its Real Estate business, TEE Land, where we are able to develop and unlock potential investment value in the region. Furthermore, we are strategically building up our Infrastructure business portfolio, thereby creating a concerted effort to enhance business opportunities for the Engineering and Real Estate businesses. As such, we prudently select, acquire, build and manage Infrastructure projects with the aim of building a long-term recurring income portfolio, while enjoying the immediate benefit of adding these projects to our engineering order book.

3


STRENGTHENING FOOTHOLD IN OVERSEAS MARKETS

Over the years, TEE Group has established its presence in the Asia-Pacific region - namely Malaysia, Thailand, the Philippines, Hong Kong, Australia and New Zealand - via our various businesses. Today, we continue to strengthen our position in markets we have entrenched a foothold in by actively tapping on existing relationships with joint venture partners and business associates in the region.

TEE's proven track record in delivering quality and value-added services has won strong accolades from our clients. With our strong brand position, TEE has been able to secure prominent projects locally, in ASEAN, as well as in the Greater China region.

ENGINEERING BUSINESS

Established in 1991, we have grown into an integrated engineering solutions provider for retail and commercial buildings, institutional buildings, factories, research facilities, residential apartments as well as infrastructure facilities ("Engineering business"). TEE's Engineering business offers a full suite of high-value engineering solutions based on international standards that are adopted for large-scale and complex commercial building projects. Our professional and technical team also provides one-stop design and build package alongside project management that meet clients' requirements.

Asia Square

Marina One
Artist Impression

WE OFFER A COMPLETE SUITE OF ENGINEERING SERVICES FROM DESIGN TO FINAL COMPLETION OF PROJECTS.

Gangway at Changi Airport

Frasers Tower
Artist Impression

Our major clients over the years include SMRT, CapitaLand, Citibank NA, Frasers Centrepoint, Las Vegas Sands Group, Changi Airport Group, National University of Singapore, Nanyang Technological University and Hyundai Engineering and Construction. Majority of them are repeat clients, which bear testimony to TEE's work quality and ability to deliver.

MECHANICAL AND ELECTRICAL ("M&E") DIVISION

TEE's M&E Engineering division primarily undertakes large-scale and complex engineering projects as well as infrastructure-related projects. It possesses the expertise and experience to offer a complete suite of engineering services from design to final completion of projects.

These engineering services include Electrical, Air Conditioning & Mechanical Ventilation, Plumbing & Sanitary, Fire Protection, Extra Low Voltage, Integrated Building Management System, and Plants & Processes.

BUILDING AND CONSTRUCTION DIVISION

TEE's Building & Construction division provides Turnkey solutions for commercial, industrial and institutional buildings through its wholly-owned subsidiary PBT Engineering Pte. Ltd. ("PBT"). Other than general building works, PBT is well-known in the industry for mission critical Addition & Alteration ("A&A") works.

Engineering services undertaken by PBT include Sub Structure, Super Structure, Civil, and Architecture & Interior Decoration. Coupled with TEE's M&E capability, the Building & Construction division is able to offer economies of scale for time and costs to our clients.

REAL ESTATE
BUSINESS

183 LONGHAUS
Artist Impression

TEE Group has an established track record in delivering quality and well-designed residential property developments ("Real Estate business") via a majority-owned listed subsidiary, TEE Land Limited ("TEE Land"). TEE Land, is a regional real estate developer with property development projects that are predominantly freehold in tenure, and are targeted at middle-to-high income consumers who value exclusivity in good locations.

Leveraging on its experience and expertise in property development in Singapore, TEE Land has also extended its geographical reach to Malaysia, Thailand, Australia and New Zealand. By incorporating core expertise and past experience from TEE Group's Engineering business, TEE Land brings better value to its property developments for its customers via more effective project management system, which translates to good and timely execution of projects in all the developments.

TEE Land's strategic focus is to steadily increase its exposure in residential, commercial and industrial development projects, while concurrently expanding its income generating portfolio of properties in Singapore and the region.

TEE LAND HAS COMPLETED OVER 20 REAL ESTATE PROJECTS TO DATE.

Chewathai Petchkasem 27
Artist Impression

INFRASTRUCTURE

INFRASTRUCTURE AND INFRASTRUCTURE-RELATED BUSINESS

With TEE Group's experience in large-scale engineering projects and its track record in facilities management, investing into infrastructure and infrastructure-related projects ("Infrastructure business") is a natural and complementary extension to the Engineering business.

TEE's wholly-owned subsidiary, TEE Infrastructure Private Limited ("TEE Infrastructure") was established to offer comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services throughout the Asia-Pacific region. This includes the delivery of engineering services across the full life cycle, from project feasibility and funding advisory through design and build to funding, operation and maintenance. TEE Infrastructure is actively seeking to build up its infrastructure assets mainly related to Water, Power and Infocommunications, through investing in assets and developing greenfield projects in Asia Pacific.

Through a joint venture partner in Thailand, TEE owns a 49% stake in Global Environmental Technology Co., Ltd. ("GETCO"). GETCO is one of Thailand's largest wastewater treatment companies, with a total capacity of 350 million litres per day, serving commercial, industrial, business and residential communities. It currently operates two wastewater treatment plants in Thailand including Bangkok's first underground wastewater treatment plant in Bang Sue.

TEE also expanded into the infocommunications industry through its listed associated company, CMC Infocomm Limited ("CMC Infocomm"), which was listed on the SGX Catalist in August 2015. CMC Infocomm is a regional integrated and innovative communications solutions and services provider with operations in Singapore, Thailand and the Philippines. Its comprehensive solutions and services encompass a wide spectrum of solutions and services in the telecommunications value chain to provide seamless access to wireless connectivity for mobile device users.

TEE has also ventured into the power business through a 21.05% investment in PowerSource Philippines Distributed Power Holdings, Inc. in 2015. Through this investment, TEE made its maiden foray into the Philippines to own and construct a 25 Megawatt green-field power plant. In addition, TEE Infrastructure is also extending its Power business by exploring opportunities in the Waste-to-Energy segment.

25MW powerplant in the Philippines
Artist Impression

STAYING UNITED TO ACCELERATE

OUR PACE

TEAMWORK IS EVERYTHING.
What we are today is a result of a shared commitment and complementary talents of our people.

We are a company with proven capabilities and a good track record, both made possible by the hard work and unity of our valuable team.

CHAIRMAN'S MESSAGE

MR. BERTIE CHENG SHAO SHIONG,
Chairman and Independent Director

2016 IS A MOMENTOUS YEAR FOR TEE INTERNATIONAL. IT MARKS THE 25TH ANNIVERSARY OF THE COMPANY THIS YEAR.

2016 is a momentous year for TEE International. It marks the 25th Anniversary of the company this year.

Way back in 1991, Mr. C K Phua decided to strike out on his own & started a company which he named as "TEE INTERNATIONAL". He would fondly refer the establishment of TEE as something he had to do by default. The reason was simple – to take a leap of faith and the challenge of seeking his pot of gold. It was a pivotal point in his life. In his words, "to put food on the table". That first step to offer engineering solutions as a small sub-contractor has today grown to become a leading Engineering Group with business interests in Real Estate and Infrastructure spanning across seven countries in Asia-Pacific.

As we celebrate our Silver Anniversary, we continue to strive to be among the best and the preferred choice in the industry. We saw the need to stay relevant and keep in pace with the changing business environment. With that, we have put in place sound strategies to maintain sustainable growth.

ADVANCING WITH SOUND STRATEGIES

In delivering large-scale engineering, and rebuilding projects for international and reputable clients, we have demonstrated our ability to perform and execute our commitments to our clients. From our early start of undertaking small engineering jobs 25 years ago, we have progressed to delivering large-scale engineering projects such as Marina

Bay Sands and Asia Square Tower 1. We have since been able to position ourselves as one of the leading M&E firms in Singapore. Furthermore, we have also strategically diversified into the Real Estate business with more than twenty completed real estate developments as well as invested in income-generating assets by TEE Land. Our Infrastructure business team continues to step up business development efforts to identify investment opportunities in the business of Water, Power and Infocommunications.

During the year, we witnessed a slowdown in the engineering and construction industry. This is evident with fewer number of large-scale private commercial projects available for tenders. In addition, new development projects were being held back in view of the subdued economic climate. Despite the challenges, the Engineering team continued to deliver on their strengths to secure new engineering contracts with a combined value of S$150 million. In addition to new contracts, the team is also focused on executing ongoing projects to ensure that these projects are completed and delivered on schedule.

For the Real Estate business, TEE Land had in the past year stepped up its sales performance with a good uptake of newly launched projects and ongoing developments, while completing four real estate developments in Singapore. With more completed projects under its belt, it is suffice to say that TEE Land is now becoming an established regional real estate developer. This year, we also achieved another milestone for TEE Land with its associated company, Chewathai Public Company Limited being listed on the Market for Alternative Investment of the Stock Exchange of Thailand.

The steps we have taken to lay the foundation of our businesses are increasingly paying off as we continue to leverage on business synergies to create value for TEE Group. The economic climate will remain volatile with heightened geopolitical tensions. We are cognisant of this threat and we will continue to exercise prudence in the selection of project tenders, acquisitions and investments. The experience and the capabilities the team has built will allow us to advance with confidence and raise overall business performance.

PRACTISING BETTER CORPORATE GOVERNANCE

We are committed to disclosing meaningful information to enable shareholders to gain better insights of our business and overall performance. In July 2016, TEE International received the bronze award at the Singapore Corporate Awards 2016 for the category "Best Annual Report for Companies with Less Than S$300 million in Market Capitalisation". The award has given us greater motivation to take further steps in our quest for more transparency and disclosures.

DIVIDEND

The Board of Directors has recommended a final dividend of 0.18 Singapore cent per ordinary share which is subject to shareholders' approval. This is in addition to the interim dividend of 0.15 Singapore cent per ordinary share paid in March 2016.

NOTE OF APPRECIATION

With human capital being the core of our growth, I extend my earnest appreciation to the management team and employees of TEE Group, whose dedication and efforts have enabled us to accomplish more this past year.

I also wish to express my deepest gratitude to all stakeholders, who have been vital to the success of TEE Group, for their unwavering support over the years.

In concluding my message, I wish to thank the Board of Directors for their instrumental supervision and dedication for the year. A special acknowledgement goes to my fellow Independent Director, Mr. Tan Boen Eng, who will not be seeking re-election at the forthcoming Annual General Meeting. Mr. Tan was appointed as an Independent Director when TEE was listed in 2001 and has served the Board as the Audit Committee Chairman for seven years. Thank you, Mr. Tan for the years of valuable contribution that had laid the foundation for the success of TEE Group. We wish you the very best in your future pursuits.

Under the visionary stewardship of our Group Chief Executive & Managing Director, Mr. C K Phua, we will continue on the journey to grow our core businesses and seize exciting opportunities in the regional arena.

Bertie Cheng
Chairman and Independent Director

TEE HAS PROGRESSED AND EVOLVED WITH THE BUSINESS ENVIRONMENT TO BE A DIVERSIFIED GROUP IT IS TODAY.

MR. C K PHUA,
Group Chief Executive and
Managing Director

As TEE Group celebrates its 25th Year and Silver Anniversary, we reminisce at how far we have come. Our journey may have been arduous at times, but we have always persevered and learnt invaluable lessons that become the bedrock of our motivation to aim higher and strive to realise our fullest potential. TEE has progressed and evolved with the business environment to be a diversified group it is today with three core businesses – Engineering, Real Estate and Infrastructure. Even as challenges arise from recent economic uncertainties and heightened geopolitical tensions, we remain steadfast in growing the core businesses.

STAYING THE COURSE

Having established a strong reputation in the engineering industry over the years in providing superior engineering solutions, our priority is to ensure execution of projects are on schedule and to secure new engineering projects. The team is continuously working towards expanding our engineering portfolio through active participation in upcoming tenders for large-scale projects for airport, commercial buildings, retail malls, institutions of higher learning, and healthcare facilities in Singapore and the region.

The Engineering business continued to perform well with new contracts worth a total value of approximately S$150 million secured during the year. In 2Q FY2016, we secured another contract from the Changi Airport Group ("CAG"), making it the fifth contract awarded to us by CAG since 2014. The major ongoing developments at Singapore Changi Airport will continue to present business opportunities for us as we leverage on our established track record with CAG. In addition, we have also secured a large-scale project from a new client, an integrated real estate and healthcare company, to carry out A&A works for an existing office building along Shenton Way. As of 31 August 2016, our total unfulfilled engineering order book totalled at S$324 million.

Aside to new contracts, we are working conscientiously to deliver ongoing projects such as Marina One Singapore, Changi Airport, Centrepoint Shopping Centre, Frasers Tower to name a few. During the year, we have also completed jobs for Corporation Place Phase 3 and Temasek Polytechnic.

DELIVERING PROGRESS

For the Real Estate business, TEE Land remained focused on executing and stepping up sales and marketing efforts for ongoing development projects in FY2016. This had translated into positive sales performance with nearly 90% sales uptake for Third Avenue's residential units in Malaysia and 75% sales for the residential units of the newly launched 183 LONGHAUS, a mixed-use development located on the site of the former Longhouse Food Centre.

TEE Land had over the years built a foundation in Singapore where it remains as one of its core markets. With its most recent acquisition of a plot of freehold land at 20 Lorong 35, Geylang Singapore, TEE Land is positioned to benefit from the increasing buyers' interests in the Geylang precinct in view of its long-term potential upside in this area, which was highlighted by local media reports. The land will be developed into an eight-storey condominium with rooftop terrace and swimming pool. This development illustrates TEE Land's commitment to constantly seek good development opportunities in strategic locations.

This year, we witnessed the listing of TEE Land's associated company, Chewathai Public Company Limited ("Chewathai"), on the Market for Alternative Investment of the Stock Exchange of Thailand. Post listing, TEE Land retains a shareholding interest of about 31.9% in Chewathai. We have, in past years, strategically invested in Thailand as part of our regionalisation strategy. We believe the Thai real estate market will remain stable and new projects including Chewathai's first landed property development will offer local buyers alternative options other than condominium units. This bodes well for the business prospects of both Chewathai and TEE Land.

TEE Land's diversified portfolio of real estate development and investment in income-generating assets will enable them to leverage on existing network to seize opportunities to acquire and invest in assets with good attributes. It will also allow them to realise the potential value of their investments at an opportune time.

CAPTURING GROWTH

The Infrastructure business remains on track to capture growth with more Water, Power and Infocommunications projects in the region. Under the Power business, TEE's associated company, PowerSource Philippines Distributed Power Holdings, Inc. ("PHI") welcomed the strategic partnership of Japan's leading International Engineering Consultant: Nippon Koei Co Ltd and its investment into PHI to grow its power business in the Philippines. Keeping in mind the reason for venturing into the Infrastructure business – to leverage on business synergies within TEE Group to create value, TEE persistently seeks new avenues that complement the business. With that, the Infrastructure team is also looking to expand its Power business by extending its business presence into the Waste-to-Energy segment.

UNITED, INSPIRED, EMPOWERED

As we mark our 25th year of business, it is prudent to emphasise that what we achieved today and what we set out to do in the coming years will not have been possible without a dedicated and committed team of employees who are united with one vision – to be among the best and the preferred choice in the industry. The uniqueness of TEAM TEE is not about any particular person. It is about a group of committed people with a common objective. With the many business teams and employees working in synergy, it has led to the betterment of TEE Group as seen through the increasing degree of success achieved at each milestone.

For TEE Group, to stand out amongst the competition, it is not about the machineries, the computer hardware or software deployed. It is about the quality of our Human Capital. At TEE, we have the right people and leadership that possess the commitment and tenacity to deliver and exceed expectations in performing their tasks. Even so, we must continue to nurture the right talent and capabilities to grow TEE Group.

ACKNOWLEDGEMENT

With the end of another financial year, I would like to express my appreciation to the Board of Directors for their guidance and counsel. A special mention to Mr. Tan Boen Eng, Independent Director who has served with commitment on the Board of TEE since our listing 15 years ago, who will not be seeking re-election at the upcoming Annual General Meeting. Through the years, the Board and management have benefitted immensely from his wise counsel. We thank him for his invaluable contributions that had led TEE to achieve growth and wish him well in his endeavours.

To the management team and staff of TEAM TEE, thank you for your persistent efforts and support in bringing TEE from one milestone to another. I would like to also thank our business partners and associates for their endorsement and validation. Last but not the least, I would like to express gratitude on behalf of TEE Group to our shareholders for their firm support and belief in TEE. We will continue to bring greater value and transcend all circumstances. United, inspired and empowered, TEE Group advances with confidence and onward to greater excellence.

C K Phua
Group Chief Executive and
Managing Director

TOGETHER WE CAN DRIVE BUSINESS EXCELLENCE TO STRENGTHEN OUR FOUNDATION FOR THE FUTURE.

ENGINEERING

During the year, the Engineering business remained focused on executing ongoing projects as well as securing new contracts. This year, the team secured a total value of approximately S$150 million of new contracts. Some major contracts include being the nominated sub-contractor to carry out engineering works for the construction of airfield ancillary buildings at Singapore Changi Airport by the Changi Airport Group ("CAG"), A&A works for an office building along Shenton Way, and a water treatment plant and civil works contract in Malaysia.

The latest contract awarded by CAG is our fifth contract from CAG since 2014. The vast development plan at Singapore Changi Airport will continue to create business opportunities for us as we leverage on our established track record with CAG. As of 31 August 2016, our total unfulfilled engineering order book totalled at S$324 million.

In the year under review, the team is also working expeditiously to deliver ongoing projects such as Marina One Singapore, Centrepoint Shopping Centre, Frasers Tower to name a few. During the year, we have also completed jobs for Corporation Place Phase 3 and Temasek Polytechnic.

REAL ESTATE

For the Real Estate business, TEE Land has recorded promising sales from its ongoing development projects.

In Singapore, 183 LONGHAUS has sold more than 75% of the residential units. Sales of the four-storey mixed development located at the site of the former Longhouse Food Centre along Upper Thomson Road has been encouraging. TEE Land intends to launch its ten commercial shop units at a later stage. Construction of 183 LONGHAUS is expected to begin in the first quarter of financial year 2017.

Located in a serene neighbourhood of Hillside Drive, Hilbre28, has sold more than 60% of the units with more buyers taking up larger units of the development. The construction progress of the project is on track and it is expected to TOP in December 2018. In terms of new developments, TEE Land acquired a plot of freehold land at 20 Lorong 35, Geylang, Singapore in July 2016. The acquired land will be developed into a block of eight-storey condominium with roof terrace and swimming pool on the premises, subject to obtaining all the necessary approvals from the relevant authorities.

Hilbre28
Artist Impression

Chewarom Rangsit - Don Meaung
Artist Impression

In Thailand, TEE Land is pleased to update that its associated company, Chewathai Public Company Limited ("Chewathai"), was listed on the Market for Alternative Investment of the Stock Exchange of Thailand on 5 April 2016. In the year under review, Chewathai acquired a 6,544sqm plot of freehold land at Petchkasem Road, Tambon Bangwha, Amphus Pasri Charoen, Bangkok to develop the land into a high-rise condominium. It also plans to launch Chewathai Petchkasem 27 in the coming months.

As for Australia, the average occupancy rates of TEE Land's both hotels in Sydney remain healthy at 80% alongside growth in tourism as well as Australian currency depreciation. In New Zealand, the rebuilding of Christchurch is ongoing and will carry on for a few more years. This will support the sustained demand for workers' accommodation in Christchurch.

Going forward, we remain cognisant of challenges the property markets where TEE Land has presence in. Leveraging on its established business and regional network, TEE Land will continue to identify well-located properties, and prudently build its portfolio of development projects and assets.

INFRASTRUCTURE

For FY2016, TEE Infrastructure remains on track to capture growth with more Water, Power and Infocommunications projects in Singapore and the region. The Infrastructure team has been exploring beyond the Power, Water and Infocommunications sectors that it is currently engaged in. Currently, the team is looking into expanding its Power business through extending into the Waste-to-Energy segment.

For the power business in Philippines, construction work of the 25 Megawatt power plant has officially commenced on the first week of February 2016. It is expected to complete by the end of 2017. In addition, we are pleased to update that Nippon Koei Co., Ltd. ("Nippon Koei"), Japan's leading international engineering consultant that is listed on the First Section of Tokyo Stock Exchange, has invested into TEE's associated company, PowerSource Philippines Distributed Power Holdings, Inc. ("PHI"). On 1 March 2016, Nippon Koei invested in PHI and a revised shareholders agreement was entered by all the joint venture parties including TEE's subsidiary, TEE Infrastructure Private Limited. Pursuant to the revised shareholders agreement, Nippon Koei subscribed to a 36.84% stake in PHI. TEE's shareholding interests in PHI remains unchanged at 21.05%.

Our associated company CMC Infocomm Limited ("CMC Infocomm") secured new contract wins and gained foothold in Philippines through a joint venture with Argosy Properties, Inc. through its wholly-owned subsidiary CMC Communications (Philippines), Inc. in the form of CMC-AC Infocomms (Philippines) Inc.. This joint venture aims to primarily design, develop, install, implement and maintain telecommunication equipment and systems for commercial and industrial applications.

Another noteworthy development is its maiden contract with the Infocomm Development Authority of Singapore earlier this year to conduct an audit on the quality of 3G mobile service in Singapore, with the potential to build this capability and offer this service in other markets CMC Infocomm offers in. CMC Infocomm remains steadfast in its bid to expand the business locally and regionally.

FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 May 2016 ("FY2016"), TEE Group's revenue increased by S$43.8 million or approximately 20.1% to S$261.7 million in FY2016 compared to S$217.9 million in FY2015 due to higher revenue recognition from ongoing engineering projects. The Engineering segment contributed S$223.1 million in FY2016, which is a 45.8% increase from the S$153.0 million contributed in FY2015. The Real Estate segment contributed S$33.7 million in FY2016 as compared to S$60.2 million in FY2015. Revenue from the Infrastructure segment came in at S$3.0 million as compared to S$2.8 million in the same corresponding period, which is a 5.9% increase year-on-year. Revenue from the Corporate & Other segment contributed S$1.9 million.

Gross profit decreased by 16.8% from S$35.9 million in FY2015 to S$29.9 million in FY2016 due mainly to lower contribution from real estate business.

Other operating income increased by S$3.2 million due mainly to gain from the dilution of equity interest in associates.

As a result of higher depreciation charges, administrative expenses increased by S$2.3 million (10.1% increase) to S$25.1 million in FY2016 from S$22.8 million in FY2015.

Other operating expenses decreased by S$0.7 million from S$6.0 million in FY2015 to S$5.3 million in FY2016 due mainly to lower foreign exchange losses and allowances in doubtful other receivables, which is partially offset by loss on dissolution of joint development.

Finance costs increased by S$1.8 million to S$8.8 million in FY2016 from S$7.0 million in FY2015 due to additional borrowings.

Share of results of associates/joint venture increased by S$3.5 million or approximately 31.3% to S$14.6 million in FY2016 compared to S$11.1 million in FY2015 due mainly to higher contributions from real estate associated companies.

In FY2016, profit after tax amounted to S$10.7 million as compared to a profit of S$12.9 million in FY2015. Profit attributable to owners of the Company amounted to S$8.4 million in FY2016 compared to S$11.1 million in FY2015.

STATEMENT OF FINANCIAL POSITION

Cash and bank balances at S$36.1 million as at 31 May 2016 is a S$9.7 million increase (36.5% increase) from S$26.4 million as at 31 May 2015.

Trade receivables decreased by S$42.1 million (49.3% decline) due to better collections.

Loans receivable from associates at S$30.3 million as of 31 May 2016, is a S$8.6 million decrease (22.1% decline) from S$38.9 million recorded as of 31 May 2015.

Construction work-in-progress increased by S$26.1 million (33.6% increase) mainly due to ongoing and newly commenced engineering projects.

Completed properties and land held for sale increased by S$31.2 million (208.8% increase) from S$15.0 million as of 31 May 2015 to S$46.2 million as of 31 May 2016 due mainly to unsold units of completed properties.

The S$15.6 million increase (35.9% increase) in investment in associates to S$58.8 million as at 31 May 2016 from S$43.2 million as at 31 May 2015 is due mainly to additional cost of investment and increased retained profits from associated companies.

Property, plant and equipment increased by S$10.5 million (13.1% increase) from S$79.2 million as of 31 May 2015 to S$89.7 million as of 31 May 2016 due mainly to acquisitions of properties in Australia by our subsidiary, TEE Land.

Deferred tax assets increased by S$1.3 million due mainly to deferred tax benefits recognised by certain loss making subsidiaries.

Other payables increased by S$5.3 million, due mainly to accrual of development costs for ongoing development projects.

Provision for maintenance costs decreased by S$1.0 million due mainly to utilisation of maintenance cost for engineering projects.

Income tax payable increased by S$2.2 million due mainly to receipt of Temporary Occupation Permit for a development property as revenue from sales of development property is only taxable upon completion of the project. As such, deferred tax liabilities decreased by S$1.8 million accordingly.

STATEMENT OF CASH FLOWS

Net cash used in operating activities was S$5.7 million due to profit before tax, offset by interest paid and changes in working capital.

Net cash from investing activities was S$1.3 million, due mainly to the repayment of loan by associates, dividend and interest received net-off with acquisition of properties in Australia by our subsidiary, TEE Land.

Net cash from financing activities was S$18.9 million, due mainly to drawdown of long-term borrowings.

As a result, the Group recorded a net increase in cash and cash equivalents of S$14.5 million.

COMBINING STRENGTHS TO

DELIVER RESULTS

RELATIONSHIPS REINFORCE OUR STRENGTHS. Collaborations facilitate a healthy exchange of expertise. And it's not just technical know-how that we can share – our synergistic ties foster new ways of sharing our spirit of innovation.

YEAR IN REVIEW

2015

AUGUST

IPO of Associated Company CMC Infocomm Limited on SGX Catalist

SEPTEMBER

TEE Land subsidiary acquired 11th floor and Penthouse of Larmont Building in Sydney

OCTOBER

- TEE Land acquired 6,544 sqm plot of freehold land at Petchakasem Road, Tambon Bangwha, Amphus Pasri Charoen, Bangkok to develop the Land into a high-rise condominium
- TEE Land's subsidiary acquired 513 sqm plot of freehold land at 31 and 31A Harvey Avenue to develop new houses

DECEMBER

TEE Land acquired Suite 7-04 at 2-14 Kings Cross Road, Potts Point NSW; to acquire Suite 10-08 and Suite 07-08 as well

2016

JANUARY

- PBT Engineering awarded S$53.4 million contract by Changi Airport Group
- TEE Group awarded S$15.6 million contract by BDB Synergy Sdn Bhd
- TEE International Inaugural Shareholders' Forum
- TEE Land Inaugural Shareholders' Forum

MARCH

TEE Land exited Joint Venture with Oxley China Pte. Ltd. and Lian Beng (China) Pte. Ltd in relation to KAP Holdings (China) Pte. Ltd.

APRIL

IPO of Associated Company, Chewathai Public Company Limited on the Market for Alternative Investment of the Stock Exchange of Thailand

MAY

TEE Land acquired additional Commercial Suites at 2-14 Kings Cross Road, Sydney

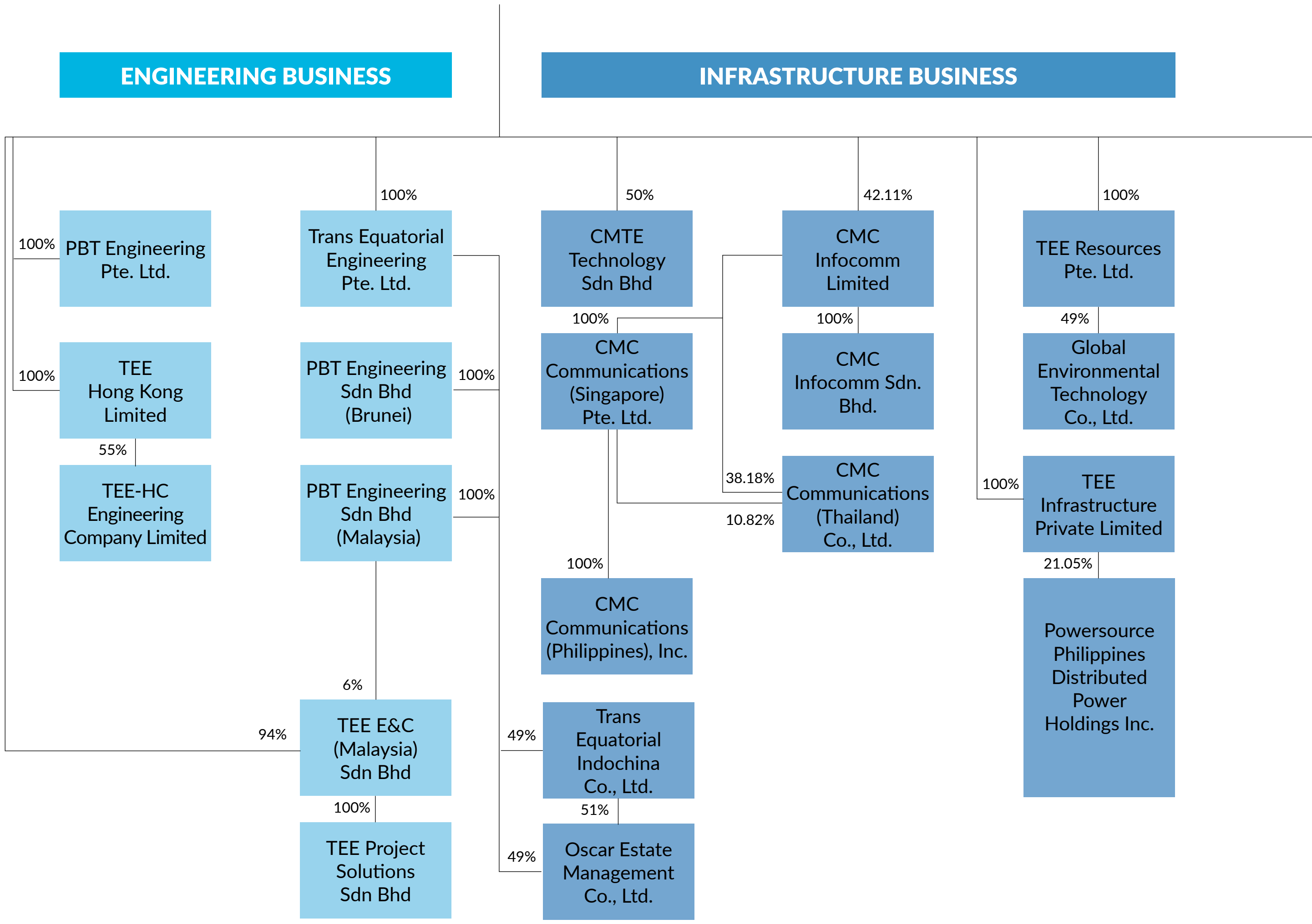
JULY

TEE Land acquired freehold plot of land at 20 Lorong 35, Geylang, Singapore

AUGUST

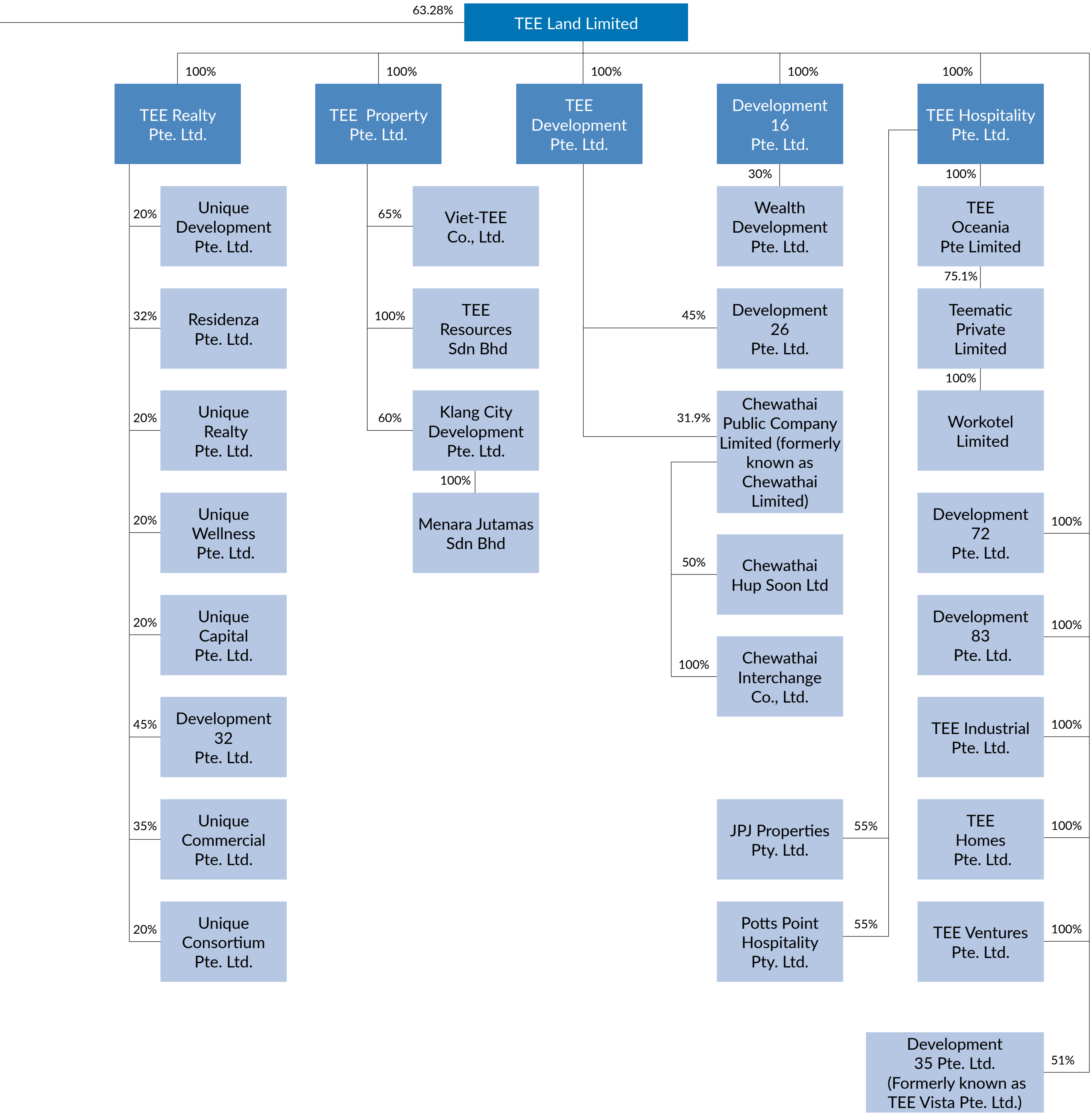
Won contracts to provide engineering works for an office building, institution and retail spaces

CORPORATE STRUCTURE



* Group corporate structure as at 26 August 2016 does not include dormant subsidiaries and associate companies with less than 20% stake.

REAL ESTATE BUSINESS



BOARD OF DIRECTORS

TOGETHER WE CAN DRIVE BUSINESS EXCELLENCE

From left to right
Mr. Aric Loh Siang Khee, Mr. Tan Boen Eng, Mr. Lee Ah Fong,
Mr. Gn Hiang Meng, Mr. Bertie Cheng Shao Shiong,
Mr. Phua Chian Kin, Mr. Phua Boon Kin and Mdm. Saw Chin Choo

MR. BERTIE CHENG SHAO SHIONG, 79

Chairman and Independent Director

Mr. Cheng was appointed as an Independent Director of the Company on 5 March 2001 and was last re-appointed as a Director of the Company on 29 September 2015.

Mr. Cheng retired as the Chief Executive Officer of POSBank in July 1997. He was appointed as Advisor to POSBank on 1 June 2010. He holds and has held directorships in both listed and non-listed companies. Currently, he is the Chairman of TeleChoice International Limited. He is also a Director of Hong Leong Finance Limited, Pacific Andes Resources Development Limited and Baiduri Bank Berhad. His other appointments include being the Chairman of the Medifund Committee, Singapore General Hospital, Vice-Chairman of the Board of Trustees, Consumers Association of Singapore (CASE) Endowment Fund and Chairman of the Investment Panel of SPRING SEEDS Capital Pte. Ltd.

Mr. Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001. In addition, he also received the Friend of Labour Award from the National Trade Union Congress (NTUC) in 2008.

BOARD OF DIRECTORS

MR. PHUA CHIAN KIN, 57

Group Chief Executive & Managing Director

Mr. C K Phua has been the Group Chief Executive & Managing Director of TEE International since 2000. He is instrumental in spearheading the expansion and growth of TEE Group and is also responsible for TEE Group's overall management, investment decisions, direction and policy decision-making. He is also the major shareholder of TEE International and the Chairman of the Executive Committee and a member of the Nominating Committee.

Mr. Phua has over 30 years of experience in the Engineering business, starting his career with Danish multi-national company LK-NES (SEA) Pte. Ltd. where he was later promoted to General Manager and Director. He joined Trans Equatorial Enterprises (SEA) Pte. Ltd. in 1991 and took over the company in 1993. Trans Equatorial together with its related companies was listed on SGX in 2001 as TEE International Limited. In June 2013, its wholly-owned Real Estate subsidiary, TEE Land Private Limited now known as TEE Land Limited was listed on SGX. TEE's associated companies, CMC Infocomm Limited and Chewathai Public Company Limited, were listed in August 2015 on SGX Catalist and April 2016 on Markets for Alternative Investments, Stock Exchange of Thailand respectively.

Mr. Phua graduated in 1979 from the Singapore Polytechnic with a Diploma in Electrical Engineering. He received the Public Service Medal in 2007 from the President of Singapore for his contributions to social services. In 2010, Mr. Phua won the Asia Pacific Most Outstanding Entrepreneurship Award.

He is a keen sportsman who has completed 10 full marathons to-date.

MR. TAN BOEN ENG, 83

Independent Director

Mr. Tan was appointed as an Independent Director of the Company on 5 March 2001 and was last re-appointed as a Director of the Company on 29 September 2015.

Mr. Tan has extensive experience in both the public and private sectors. He is currently holding directorships in several listed and non-listed companies from various industries, ranging from business consultancy and training to management consultancy.

Mr. Tan is an Independent Director of OKP Holdings Limited. He is also the Director of Singapore Institute of Accredited Tax Professionals Limited, SAA Global Education Centre Pte. Ltd., Association of Taxation Technicians (S) Limited and Certified Accounting Technicians (Singapore) Ltd. Mr. Tan was the President of the ASEAN Federation of Accountants from 2000 to 2001 and he is now a Council member. He is also a former Board member of the Tax Academy of Singapore.

Mr. Tan had previously held the position of Director of Asiamedic Limited and AsiaPrime Pte. Ltd.. He also held the position of Senior Deputy Commissioner of Inland Revenue Authority of Singapore and was a Director of Singapore Pools Pte. Ltd., and a member of the Nanyang Business School Advisory Committee, Nanyang Technological University. Mr. Tan was the President of the Institute of Certified Public Accountants of Singapore from April 1995 to April 2009. He was a Board member of the Accounting and Corporate Regulatory Authority and a member of the Singapore Sports Council. He also served as Chairman of the Securities Industries Council.

Mr. Tan holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He is a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia. He received the Public Administration Medal (Silver) in 1975.

MR. LEE AH FONG, 70

Independent Director

Mr. Lee was appointed as an Independent Director of the Company on 1 March 2011 and was last re-elected as a Director of the Company on 26 September 2013. He currently serves as Chairman of the Remuneration Committee, and a member of the Audit Committee, Nominating Committee and Executive Committee.

Mr. Lee qualified as Barrister-at-Law (Middle Temple) in 1980 and was admitted to the Singapore Bar in 1981. He is at present a partner of the law firm Ng, Lee & Partners. He handles mainly criminal cases, civil litigation, family law cases and general solicitor's work. Besides being a volunteer lawyer of the Law Society Criminal Legal Aid Scheme, he had also offered his service as assigned counsel for High Court capital cases. He joined the Singapore Police Force ("SPF") as an inspector in 1966 and was promoted to the rank of Assistant Superintendent of Police in 1976 after attending a 3-month training course at the FBI National Academy in 1974. He had served in various units of the SPF before his resignation in 1980.

Mr. Lee had previously held the position as the President of the Singapore Hainan Hwee Kuan and is currently an Honorary Management Committee member of the Singapore Federation of Chinese Clan Associations, the Chairman of Yuying Secondary School Ltd and legal advisor to several associations, societies and companies. He is also an Independent Director of Cortina Holdings Limited and TA Corporation Ltd.

MR. GN HIANG MENG, 68

Independent Director

Mr. Gn was appointed as an Independent Director of the Company on 1 June 2013 and was last re-elected as a Director of the Company on 29 September 2015. He currently serves as Chairman of the Audit Committee as well as the Nominating Committee and is a member of both the Executive Committee and Remuneration Committee.

Mr. Gn has extensive experience in the banking, property and hospitality sectors.

Mr. Gn was with the United Overseas Bank Group for 28 years and was the Senior Executive Vice-President in charge of investment banking and stock-broking businesses prior to his resignation in 2001. He was the Deputy President of UOL Group till his retirement in 2007. Mr. Gn is also an Independent Director of Centurion Corporation Limited, Koh Brothers Group Limited, SingHaiyi Group Limited and Haw Par Corporation Limited.

Mr. Gn holds a Bachelor of Business Administration Degree (Honours) from the National University of Singapore.

MR. ARIC LOH SIANG KHEE, 52

Independent Director

Mr. Loh was appointed to the Board on 1 August 2014 as an Independent Director of the Company and was last re-elected as a Director of the Company on 30 September 2014. He is a member of the Audit Committee and Remuneration Committee.

Mr. Loh spent many years in Deloitte & Touche LLP, Singapore, where his last held position was an audit partner till 2013. He currently runs his own accounting practices. Mr. Loh is also an Independent Director of Koda Limited.

Mr. Loh holds a Bachelor Degree of Accountancy (2^{nd} Class Honours) from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and the American Institute of Certified Public Accountants.

MR. PHUA BOON KIN, 54

Deputy Group Managing Director

Mr. Phua was appointed to the Board of Directors on 1 September 2008 and was last re-elected as a Director of the Company on 29 September 2015.

Mr. Phua holds the post of Deputy Group Managing Director and Managing Director of TEE Group's Engineering business. He plays an active role in the corporate affairs of TEE Group, as well as the overall in charge of TEE Group's Engineering business. Mr. Phua has more than 30 years of experience in project execution and project management, and he was instrumental in the setting up of the two main subsidiaries of TEE Group, namely Trans Equatorial Engineering Pte. Ltd. in 1991 and PBT Engineering Pte. Ltd. in 1996. He has since been with TEE Group for the past 25 years and has held various appointments in both of these subsidiaries.

He is also a Company Director in PBT Engineering Pte. Ltd., Security Pro-Telco Pte. Ltd., Trans Equatorial Engineering Pte. Ltd., TEE Management Pte. Ltd., TEE Engineering & Construction Private Limited, and Oscar Estate Management Co., Ltd..

In 2016, Mr. Phua won the Asia-Pacific Entrepreneurship Award for the Engineering Industry in 2016. Mr. Phua holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.

MDM. SAW CHIN CHOO, 54

Executive Director

Mdm. Saw was appointed to the Board of Directors on 10 September 2004 and was last re-elected as an Executive Director of the Company on 30 September 2014.

Mdm. Saw currently holds the post of Managing Director, Engineering - Malaysia and Brunei. She is responsible for the Group's Malaysia and Brunei's Engineering Business.

She has over 30 years of engineering projects experience, starting her career with Neo Corporation Pte. Ltd. as Quantity Surveyor. She has held various positions in companies such as Specon Builders Pte. Ltd. as Project Co-ordinator and Vantage Construction Pte. Ltd. as Manager and Company Director.

She is currently a Company Director of TEE Philippines Inc., PBT Engineering Pte. Ltd. and in one of our Thai subsidiaries, Oscar Design & Decoration Co., Ltd.. She is an Alternate Director in our Bruneian subsidiary, PBT Engineering Sdn Bhd. She is also a Non-Executive Director of TEE Land Limited and Company Director of various subsidiaries of TEE Land Group.

Mdm. Saw holds a Technician Diploma Certificate in Building from Singapore Polytechnic and Advance Diploma in Building Surveying and Inspection from Ngee Ann Polytechnic.

MANAGEMENT TEAM

01
MR. SIM GEOK SOON
Managing Director, Engineering - Special Projects

02
MR. EDWIN NEO
Executive Director, Infrastructure

03
MR. PHUA CHER CHEW
Executive Director & Chief Executive Officer, TEE Land Limited

04
MR. CHEUNG KAY KWONG
Managing Director, Engineering - Hong Kong, Macao and China

05
MS. YEO AI MEI
Group Financial Controller and Group Company Secretary

06
MS. LOH CHOOI LENG
Director, Human Resources

07
MS. CELINE OOI
Manager, Group Investor Relations and Communications

1


3


2


5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MR. SIM GEOK SOON

Managing Director, Engineering - Special Projects

Mr. Sim joined TEE in 1996. He oversees the management and operations of the Engineering and Special Projects team in Singapore, handling a variety of projects in the airport, metro, commercial, gaming, water and waste sectors. He is also involved in various aspects of business development of M&E Engineering and Special Projects in Singapore.

MR. EDWIN NEO

Executive Director, Infrastructure

Mr. Neo joined TEE in August 2014 and is responsible for driving the Infrastructure business to expand into new regions and markets as well as scale up the existing infrastructure investments.

Prior to joining TEE, Edwin was the Centre Director for International Enterprise Singapore based in Bangkok responsible for facilitating bilateral trade and investments between Thailand, Myanmar, Laos, and Singapore.

Mr. Neo graduated Summa cum Laude from Stanford University, USA with a double degree in Electrical Engineering and Economics. He spends his past time playing chess and is an active member of the Gifted Education Programme (GEP) Alumni.

MR. PHUA CHER CHEW

Executive Director & Chief Executive Officer, TEE Land Limited

Mr. Phua was appointed to the Board of TEE Land on 18 December 2012 as Executive Director and Chief Executive Officer. He joined TEE International's real estate division in July 2007 and has held the positions of general manager, executive director and managing director for real estate. Throughout his tenure, he has been instrumental in TEE Group's rapid growth, leading to the expansion of its business and operations. Prior to his appointment in TEE, he has worked in Trans Equatorial Engineering Pte. Ltd. (a wholly-owned subsidiary of TEE Group) holding the positions of general manager of business development and business development manager.

Mr. Phua holds a Bachelor of Business degree from Central Queensland University and a Diploma in Accounting from Singapore Polytechnic. Mr. Phua is a member of the Singapore Institute of Directors.

MR. CHEUNG KAY KWONG

Managing Director, Engineering - Hong Kong, Macao and China

Mr. Cheung joined TEE in 2012 and he oversees and directs TEE Group's Hong Kong, Macao and China operations. Mr. Cheung is a professional M&E Engineer with over 30 years of working experience in business development and project management of large-scale M&E installation in the construction industry. He had previously been in the senior management position with several reputable and international electrical and mechanical contractors in Hong Kong.

MS. YEO AI MEI

Group Financial Controller and Group Company Secretary

Ms. Yeo joined TEE in 1996 and has held various appointments in TEE Group. She is instrumental in setting up the various functions throughout the years and oversees TEE Group's accounting, finance, tax, legal & corporate secretarial and other related activities. She is the Joint Company Secretary of the Company and serves as Company Secretary for the various subsidiaries in Singapore.

Ms. Yeo holds a Bachelor of Business in Accountancy Degree from RMIT University and is a Chartered Accountant with the Institute of Singapore Chartered Accountant (ISCA) and Certified Practising Accountant of CPA Australia.

MS. LOH CHOOI LENG

Director, Human Resources

Ms. Loh joined TEE in 2005 and was promoted to Director, Human Resources in January 2013. She is overall responsible for the training and development program, recruitment, compensation, benefits and performance and career management of employees.

Ms. Loh holds Graduate Diplomas in Human Resource Management from Southern Cross University, and Training & Development from Aventis School of Management, Singapore, as well as a Bachelor of Arts degree in Psychology and Political Science.

MS. CELINE OOI

Manager, Group Investor Relations and Communications

Ms. Ooi joined TEE in January 2014 and is responsible for maintaining timely and transparent communications with shareholders, investors, analysts and the media for TEE Group. Ms. Ooi has many years of experience in the financial and communications industry. Prior to joining TEE, she spent 8 years managing the investor relations and communications function for a portfolio of SGX-ST listed companies in various sectors and industries, when she was in an investor relations agency.

Ms. Ooi holds a Bachelor of Commerce in Marketing & Public Relations from Curtin University of Technology, Western Australia.

TEE Group views Investor Relations ("IR") as a strategic management responsibility that integrates finance, communication, marketing and securities law compliance. IR enables the most effective two-way communication between TEE Group and its stakeholders - comprising staff and management, the financial community, the media and the public, which will ultimately contribute to achieving fair valuation of TEE Group.

INVESTOR RELATIONS POLICY

TEE is committed to delivering timely, transparent, and consistent disclosures to its shareholders, the financial community and the public. Our IR function falls under the TEE's corporate office, and is led by the IR and Communications department.

Our IR policy ensures fair and open communications with all our stakeholders. We ensure that relevant and material information are disclosed in a clear, concise and consistent manner, in accordance with the listing manual of the SGX-ST, and the Securities and Futures Act. In addition, we have a non-discriminatory and coordinated practice of disclosing information on matters that may influence share price movement to shareholders, members of the financial community, media and the public simultaneously.

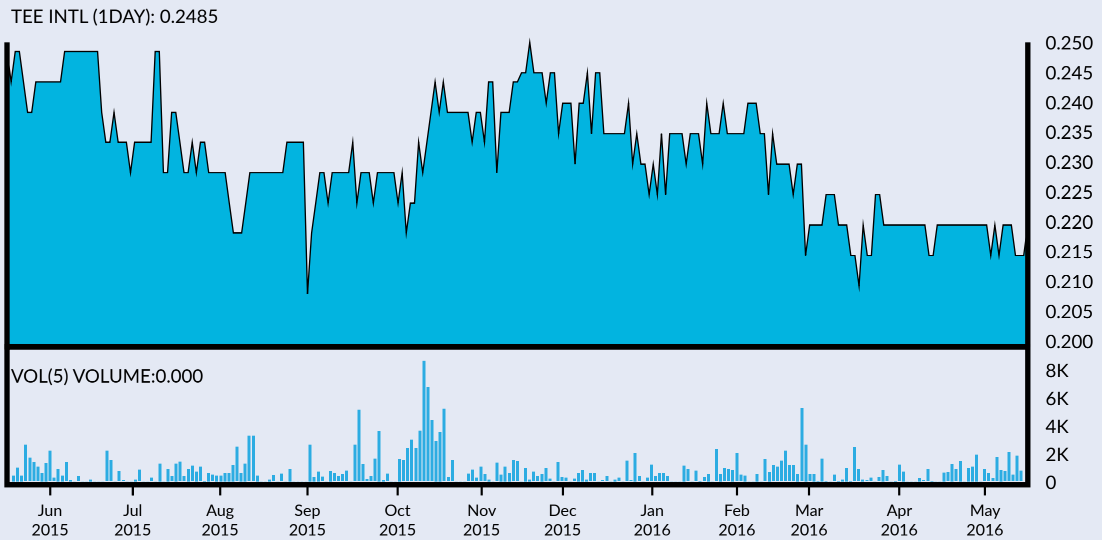
Consistent with our commitment to a high standard of corporate disclosure, we regularly provide information on our financial performance through SGX-ST's SGXNet broadcast network and on TEE's corporate website at http://www.teeintl.com.

CORPORATE GOVERNANCE

In support of promoting good corporate governance, TEE Group has undertaken the pledge for board diversity launched by the Singapore Institute of Directors. "We are committed to enhancing decision making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the members of the Board." In practice, we have already embraced board diversity through the stringent nomination criteria we have put in place in selecting our board members.

TEE'S 12-MONTH DAILY SHARE PRICE AND TRADING VOLUME

(Last closing date: 31 May 2016)



On 19 July 2016, TEE was a proud recipient of the bronze award at the Singapore Corporate Awards 2016 for the category "Best Annual Report for Companies with Less Than S$300 million in Market Capitalization". This award is only awarded to those who have presented excellent financial reporting and wider scope of disclosure beyond minimum requirements that are in tandem with the needs of investors and other stakeholders. This prestigious award is a testament of our progress towards greater transparency and disclosures, as we continuously strive to be a diversified and resilient enterprise.

ENGAGING STAKEHOLDERS

In line with the proactive investor and media relations approach, TEE Group regularly engages financial analysts, existing and potential investors, and shareholders through multiple channels, including one-to-one meetings, conference calls and investor roadshows. Key executives are present at such engagements to keep the stakeholders appraised of TEE Group's financial performance and to discuss its business strategies and outlook.

This year, TEE Group held its inaugural Shareholders' Forum in January as a step to further engage shareholders through updating shareholders on TEE Group's Financial Year 2016 Half-Year Results and business outlook. The forum served as an alternative platform on top of the Annual General Meeting for management to interact with shareholders more closely and in the process get a better insight of shareholders' perspectives and concerns.

DIVIDEND POLICY

We do not have a formal dividend policy. The form, frequency and amount of any proposed dividend will take into consideration TEE Group's operating results, financial position, committed capital expenditure, working capital requirements and any other relevant considerations the Board of Directors may deem appropriate.

INVESTORS, SHAREHOLDERS AND MEDIA CONTACT

Ms. Celine Ooi
Manager, Group Investor Relations and Communications
Tel: 65 6697 6589
Email: IR@teeintl.com

IR CALENDAR

2016

JANUARY
Announcement of Financial Year 2016 Half-Year Results, Shareholders' Forum

APRIL
Announcement of Financial Year 2016 Third Quarter Results

MAY
Financial Year End

JULY
Announcement of Financial Year 2016 Full-Year Results

SEPTEMBER
16th Annual General Meeting

OCTOBER
Announcement of Financial Year 2017 First Quarter Results

2017

JANUARY
Announcement of Financial Year 2017 Half-Year Results, Shareholders' Forum

APRIL
Announcement of Financial Year 2017 Third Quarter Results

MAY
Financial Year End

JULY
Announcement of Financial Year 2017 Full-Year Results

SEPTEMBER
17th Annual General Meeting

OCTOBER
Announcement of Financial Year 2018 First Quarter Results

BUILDING SUSTAINABLE VALUES

HUMAN CAPITAL (LABOUR PRACTICES & DECENT WORK)

Human capital is a vital cornerstone for business sustainability. As such, a cohesive and resilient workforce is prioritised to be ever-ready to take on challenges in a competitive landscape. We are committed to building a skilled workforce and cultivating a strong corporate culture that inspires, empowers and engages our employees while encouraging staff retention. Through TEE Group's training and development initiative, it drives the leadership skills of senior management and develops managerial competencies for middle management. As we aim to be the employer of choice, TEE Group continually explores the development of a responsive and progressive advancement programme to strengthen the internal talent pipeline, which in turn promotes business growth.

CORPORATE SOCIAL RESPONSIBILITY

TEE Group strongly believes in making a difference to the community. As a corporate citizen, to serve and give back to the disadvantaged and less fortunate is instilled in our core values and philosophy. We actively promote and support employee volunteerism while fostering and cultivating the spirit of caring for the society. We engage in community outreach programmes to raise awareness and spur action for the underprivileged. Their participation and support for our corporate social events and activities help improve the communities we are in.

With sustainability being an integral aspect of TEE Group's business philosophy, great importance is placed on adopting the best sustainability practices throughout the organisation. On top of that, we take great pride in securing, managing and delivering projects responsibly while building strong relationships with the various stakeholders. With our core values reflected through our project management, financial management, human resources, and sales and marketing skills, our business has been able to grow sustainably while we simultaneously foster strong relationships with suppliers, business associates, customers and communities. As a Group, we endeavour to create social value and make positive contributions to the quality of life of our employees and the communities we serve.

OCCUPATIONAL SAFETY AND HEALTH

The safety and health of our employees, customers and contractors are important aspects in the course of our business operations, and is thus one of our priorities. Our commitment begins with our focus on creating safe and inclusive workplaces, and engaging employees and stakeholders in safety and health awareness. TEE Group continually implements and reviews workplace safety practices and health programmes to inculcate a heightened sense of responsibility and transparency. We want to ensure our customers have the assurance of knowing that our employees and contractors have the right safety mindset and sustainable practices when it comes to delivering our projects with the highest standards.

ENVIRONMENTAL AWARENESS

TEE Group sees environmental protection and stewardship as part of our responsibility as a corporate citizen. We value our environment and adopt environmentally-friendly practices. Our 'Go Green Committee' drives practices of recycling, minimisation of water waste and selective usage of materials to create improved conditions and reduce carbon footprint so as to protect and sustain the environment we work in.

RISK MANAGEMENT

TEE Group maintains strict compliance with the statutory rules and regulations. Regular internal audits are carried out and financial risk management policies are also put into action to identify, eliminate and reduce risks. This includes evaluating, assessing, controlling, monitoring and communicating risks to protect the interests of our stakeholders in all our operations. We have adopted the Enterprise Risk Management ("ERM") Framework, which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. With increasing scale and complexity of operators and projects, identified risks are being managed and mitigated by counter measures to maintain sustainability.

WITH OUR MULTICULTURAL TEAM, WE KNOW THE IMPORTANCE OF A COHESIVE AND INCLUSIVE WORK ENVIRONMENT THAT IS FREE FROM ANY DISCRIMINATION.

TEE's 25th Anniversary Dinner

HUMAN CAPITAL

EMBRACING DIVERSITY

With a multiracial Singapore serving as a backdrop, TEE Group embrace diversity in its many forms. Our workforce comprises of a diversity of men and women from distinct culture, different nationalities and diverse backgrounds. There is no discrimination in our employment and career advancement practices, illustrated through the various qualifications, nationalities and ages of our employees.

	SINGAPORE	MALAYSIA	THAILAND	HONG KONG	NEW ZEALAND	TOTAL
WORKFORCE COMPOSITION						
Average age	35	33	40	43	65	38
Nationalities	Singaporean, Malaysian, Burmese, Thai, Filipino, Indian & Bangladeshi	Malaysian, Chinese & Bangladeshi	Thai	Chinese	Singaporean	Singaporean, Malaysian, Burmese, Thai, Filipino, Chinese, Indian & Bangladeshi
STATISTICS ON QUALIFICATION						
Degree & above	117	23	8	3	1	152
Diploma & equivalent	47	7	5	–	–	59
Secondary & below	54	7	85	–	–	146
Skill Certificates	155	19	1	–	–	175
Total	373	56	99	3	1	532
STATISTICS ON LENGTH OF SERVICE						
Less than 5 years	233	53	82	3	1	372
5 to 10 years	94	1	15	–	–	110
More than 10 years	46	2	2	–	–	50
Total	373	56	99	3	1	532

Out of our total workforce of 532 staff, 160 employees (30%) have been with us for more than 5 years. This year at TEE's 25th anniversary dinner, 24 employees were given a long service award for being with TEE for more than 16 years. This is in appreciation of their dedication to the company. Employees across the different nations show varying ranges of educational levels, from certifications and GCE 'O' Levels to Degrees and Masters. The workforce showcases employees from various Asian countries.


Secretary's Day Celebration


Birthday celebrations


In-house bento making class


Engineering Team

With our team of people of varying gender, ethnicity, age and religion, we know the importance of a cohesive and inclusive work environment that is free from any discrimination. As this contributes to the enjoyable working experience of the employees, we will continue to maintain an environment that embraces that cultural diversity, where all employees understand and respect various religions and cultures.

"Key Executives" are personnel driving the business functions. "Senior Management" encompasses personnel who are department heads or in senior managerial positions. "Site Operations" include electricians, drafters, project executives and site supervisors.

NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER AND BY EMPLOYEE CATEGORY	TOTAL
FEMALE	
Board of Directors - Executive	1
Key Executives	4
Senior Management	2
Junior & Middle Management	17
Administrative & Clerical	39
Site Operations	49
Non Traditional Source/Skilled Workers	–
Total	112
MALE	
Board of Directors - Executive	3
Key Executives	11
Senior Management	13
Junior & Middle Management	42
Administrative & Clerical	29
Site Operations	151
Non Traditional Source/Skilled Workers	171
Total	420

With every employee regardless of gender or position receiving regular performance and career development reviews, it shows that TEE Group has a thorough and extensive review system which is applied throughout the Group. It also shows how determined we are to manage and develop the skills of our human capital within the Group. It is key to note that the general engineering industry is male-oriented.

In-house Training on "Surviving & Thriving Corporate Storms"

TEE GROUP STRIVES TO CONTINUALLY DEVELOP EMPLOYEES TO REACH THEIR FULLEST POTENTIAL.

Employee Development

To maximise productivity for our business success, TEE Group strives to continually develop employees to reach their fullest potential. We have adopted a comprehensive approach in making consistent operational reviews, ongoing workforce training and implementing best practices guided by competencies development plans, training programmes, learning strategies seminars and culture alignment talks.

To ensure that employees can perform their roles efficiently and effectively, they undergo training courses relating to their job scopes. Staff attend courses ranging from financial reporting and risk management to leadership programmes. Workers attend courses centred on construction supervision, occupational safety and technical skills upgrade.

In the past year, the 6,500 training hours dedicated to identifying, aligning and enhancing the skills of our employees reflects our commitment and philosophy towards nurturing our employees. Employees of all levels and positions received training. The male-oriented nature of the general engineering industry is reflected in TEE, with more male employees receiving training compared to female employees as a result of TEE having more male than female employees in jobs such as construction supervision, electrician and foreman. Knowing that we have to keep our workforce in its best condition, we will continue such training and development programmes.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY	AVERAGE TRAINING HOURS
Female Employees	17
Male Employees	29

TEE's Bi-annual Dinner & Dance

Chinese New Year

TEE GROUP BELIEVES THAT A HAPPY AND HEALTHY WORKFORCE UNDERGIRDED BY POSITIVITY, CONTRIBUTES TO THE COMPANY, ULTIMATELY STRENGTHENING BUSINESS PROFITS.

HEALTH AND WELLNESS OF EMPLOYEES

The well-being of our most valuable asset – our employees – is one of our top priorities. In TEE, there is an emphasis on living a healthy lifestyle and having a good work-life balance. To foster a strong team spirit, the TEE Group holds regular team building 'camaraderie' programmes for employees to interact and get to know each other away from any formal corporate structure.

In FY2016, we organised events such as the TEE Bowling Competition, Annual 25km Relay Competition. In addition, due to popular demand, our Dining-In programme which provides subsidised buffet lunch through Monday to Wednesday is still ongoing. The Dining-In programme also serves as another platform for greater employee interaction and bonding.

On the last Friday of each month, employees are encouraged to leave the office at 5 p.m. in the bid to spend more time with their families and friends. "A Day Out with Family Members" was held in FY2016 for employees to spend the day doing activities that fosters closeness within the family unit. Such team and family oriented programmes will stay in place as we continue to have more initiatives that encourages work-life balance.

Employees with their families on "A Day Out with Family Members"


In-house fitness session

SUSTAINABILITY REPORT HIGHLIGHTS

Muay Thai Class


TEE Kids' Dash


Standard Chartered Marathon 2015

To keep our workforce fit and healthy, TEE organises regular health screening sessions and exercise programmes, namely Kpop Fitness, Zumba Fitness and Circuit Exercises. Employees are also encouraged to try new sports. This year, a Muay Thai Introduction class was held at Strike Combat for those who are keen on knowing more about Muay Thai. All these health and wellness activities are alongside of the weekly TEE runs and active participation in local and overseas runs.

In FY2016, TEE embarked on a 12-week Weight Management Programme, which consists of a series of interactive workshops to encourage employees to lead healthier lifestyles. The workshops are centred on a range of topics, from meal and exercise planning, to nutrition and weight management. Employees were also taught on how to identify triggers of an unhealthy lifestyle and were educated on how to break down food labels to help them make healthier food choices.

To enhance the level of communications throughout the organisation, an internal newsletter "Insight TEE" is circulated every quarter to keep all employees updated on events and corporate developments. This fosters a sense of closeness between the employees and the TEE Group, which in turn spurs their motivation to help the company reach greater heights.

By subscribing to innovative ways to encourage employee well-being, the TEE Group believes that a happy and healthy workforce undergirded by positive attitudes and drive will remain committed and contribute positively to the company, ultimately strengthening business profits.

Group photo of participants of TEE Team Relay

Chinese New Year visit to Villa Francis Home

WHERE WE STRIVE TO BE PART OF THE POSITIVE CHANGE.

COMMUNITY AND SOCIETY

Our commitment to Corporate Social Responsibility ("CSR") is embedded in our core values and philosophy, where we strive to be part of the positive change. The TEE Group is dedicated to fulfilling its role as a model corporate citizen who positively contributes to the community. We encourage the spirit of volunteerism and actively involve all our employees in the regular community work that we organise. Our CSR Committee plans and organises events and activities as part of the community services for charity bodies.

Our adopted charity is Villa Francis Home for the Aged ("VF") where we have been actively served our community hours at annually. For FY2016, we continued our tradition of serving our adopted charity through organising multiple events at Villa Francis, such as durian parties, a birthday party for July babies and celebrating special occasions including the Mid-Autumn Festival and Chinese New Year.

OCCUPATIONAL SAFETY, HEALTH

The TEE Group places health and safety as the priority in the holistic management for the whole group. We firmly believe that maintenance of the health and safety of our employees, contractors and general public is one of the key business drivers for our continued success.

We operate within a Quality, Environmental, Health and Safety Management framework. Under this framework, our wholly-owned subsidiaries, Trans Equatorial Engineering Pte. Ltd. and PBT Engineering Pte. Ltd. have been awarded the OHSAS 18001:2007 certification for our compliance with the highest standards of workplace safety and health.

The TEE Group's safety and health risk practices are constantly reviewed and implemented in order to reduce any potential accident at the construction work sites. Safety trainings or briefings conducted at the respective sites by safety officers and supervisors on top of regulatory or enhancement courses. 30 personnel – 24 internal auditors, 4 safety officers and 2 Work Safety and Health (WSH) coordinators – are involved in formal joint management-worker health and safety committees to help monitor and advise on occupational health and safety programmes.

We remain vigilant in keeping up with the necessary health and safety regulations. The bizSAFE star certification attests to the high workplace healthy and safety standards TEE Group has implemented in all its business operations.

Toolbox Briefing

TEE retains its accident, fatality and injury-free records, which is a testament of our stringent occupational safety and health structure that has been integrated into the organisation.

ENVIRONMENTAL AWARENESS

As a leading engineering, real estate and infrastructure corporation, The TEE Group is aware of the impact we have on the environment. Therefore, we place measures to protect and sustain the environment we work in. TEE Group conducts all aspects of our business in a manner that ensures compliance with environmental law. As we believe in environmental protection and stewardship, all employees undergo environmentally-friendly measures courses and trainings. Employees are encouraged to put their newfound knowledge to good use in their respective departments to foster awareness and responsibility.

Pollution prevention and resource conservation are essential towards a sustainable environment. TEE has implemented several "green" initiatives from paper recycling, circulating "Go Green" awareness emails to conserving energy. Employees are educated on the rationale and methods of saving energy through emails that are sent out at regular intervals.

In conjunction with the programmes in place, we make an effort to constantly remind employees to save electricity through the placement of posters beside power switches. In addition, we minimise electrical wastage by equipping our office with light sensors at strategic locations.

TEE Group has been awarded the Environmental Management Systems ISO 14001:2004 certification, and we hope to be a leader among other engineering companies in taking up the responsibility to reduce the adverse impact engineering and construction works have on the environment and eco-system. Our wholly-owned subsidiary PBT Engineering Pte. Ltd. has also been awarded the BCA Green and Gracious Builder Award which is valid till the next award evaluation period in October 2017. This award recognises our efforts in promoting environment protection and showcasing gracious practices during the construction phase of projects.

TEE GROUP CONTINUES TO REINFORCE A RISK-CENTRIC CULTURE AND MINDSET AMONGST ITS EMPLOYEES.

In our determination to further promote and strengthen green practices within the TEE Group, we have set up our own "Go Green Committee" as we work towards our goal of providing a pollution-free conducive working environment that complies with applicable environmental standards and other requirements.

RISK MANAGEMENT

With risk management being a key element of the TEE Group's business planning and day-to-day operations, we embrace the Enterprise Risk Management ("ERM") Framework, which is in line with ISO31000 – a standard on risk management with guidelines and recommended best practices.

The ERM framework consists of five inter-related components: i) Risk Strategy and Policy ii) Risk Management Process iii) Organisation Structure iv) Culture and People and v) Technology and Tools.

The broad categories of risks we have identified include: i) Business and Strategic Risk ii) Operational Risk iii) Financial Risk iv) Health and Safety Risk v) Compliance and Legal Risk and vi) Reputational Risks.

The TEE Group continually conducts the Enterprise Risk Review throughout the year to evaluate and ascertain the main risk categories pertinent in the current business environment. Key enterprise risks are ranked and identified so that appropriate mitigating measures can be recommended to respective risk owners to address these key risks.

In order to create new business opportunities as well as anticipate and mitigate these risks, we have integrated a structured framework into our core business process and decision-making activities, which is designed to enhance operational resilience whilst maintain TEE's strategic direction.

In practice, qualitative analysis will typically be used to obtain a general indication of the level of risk and to reveal the major risks. These identified risks are ranked and a more specific quantitative analysis of the risks will be undertaken as a following step. Measures are then put in place to mitigate the identified risks.

In this process of risk management implementation, the Board of Directors is responsible for governing risks and ensuring that the management maintains a sound system of risk management and internal controls to safeguard the long-term interest of TEE Group.

The risk management unit will work with the various risk owners to provide regular reporting to the Audit Committee. The risk management team is also responsible for fostering a proactive approach to risk management throughout the organisation, coordinating risk policies and procedures, and overseeing the monitoring and reporting of risk and compliance issues.

The TEE Group continues to reinforce a risk-centric culture and mindset amongst its employees.

CORPORATE GOVERNANCE REPORT

The Board of Directors ("**Board**") of TEE International Limited (the "**Company**" or together with its subsidiaries, the "**Group**") continues to be committed to uphold the highest standards of corporate governance, and believes those sound corporate governance principles and practices will sustain and improve corporate performance, accountability, transparency, building trust and confidence in the Group, safeguarding the interests of all shareholders and promoting investors' confidence in the Group.

The Company has complied with the Code of Corporate Governance 2012 ("**Code**") except where otherwise explained. In areas where the Group has not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines 1.1 and 1.2: Principal Role, Duties and Responsibilities of the Board

The Board assumes responsibility for setting strategic direction, establishing pertinent policies, corporate governance and overseeing proper management of the Group. Their responsibilities apart from statutory responsibility also extend to the following functions:

- Providing entrepreneurial leadership;
- Approving the Group's policies, strategies and financial plans;
- Reviewing the Group's financial and management performance;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Overseeing the business of the Group and monitoring the performance of the Company's management;
- Approval of annual budget, acquisitions and disposal of assets, investments and divestment proposals;
- Approval of nominations for the Board by the Nominating Committee and endorsing the appointments of the key executives and senior management ("**key management**");
- Reviewing recommendations made by the Audit Committee on the appointment, re-appointment or removal of external auditors;
- Reviewing recommendations made by the Remuneration Committee and approving the remuneration packages for the Board and key management;
- Consider sustainability issues such as environmental and social factors as part of its strategic formulation; and
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation.

All directors are required to use reasonable diligence in discharging their duties and act in good faith in the best interests of the Group at all times.

Guideline 1.3: Delegation of Authority by the Board

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. The Board Committees consist of the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Executive Committee ("**EXCO**"). The Chairman of the respective Board Committees will report to the Board on the outcome of the Board Committee meetings and their recommendations on the specific agendas mandated to the Board Committee by the Board.

Guideline 1.4: Meetings of the Board

The dates of meetings of the Board and the Board Committees as well as the annual general meeting ("**AGM**") are scheduled one (1) year in advance. To ensure maximum participation, the Company Secretary will consult every director before fixing the dates of these meetings. The Board meets regularly at least four times, once every quarter, within each financial year and at other times as appropriate, to approve the release for the Group's financial results as well as to consider and resolve major financial and business matters of the Group. The Board and Board Committees may also make decisions by way of circular resolutions in writing. To facilitate effective management, the day-to-day management of the Group's businesses and affairs are entrusted to the executive directors and key management.

The Company's Constitution provides for the Board to convene meetings via conference telephone, video conferencing or other audio or audio-visual communications equipment.

The details of the frequency of Board and Board Committee meetings held during the financial year ended 31 May 2016 ("**FY2016**") and the attendance of every Board member at the meetings are set out below:

	Board of Directors' Meeting		Board Committee Meetings					
			AC Meeting		NC Meeting		RC Meeting	
Name of Director	**No. of meetings held***	**No. of meetings attended**	**No. of meetings held***	**No. of meetings attended**	**No. of meetings held***	**No. of meetings attended**	**No. of meetings held***	**No. of meetings attended**
Mr. Bertie Cheng Shao Shiong[1]	4	4	-	-	-	-	-	-
Mr. Tan Boen Eng	4	4	-	-	-	-	-	-
Mr. Lee Ah Fong	4	4	4	4	1	1	2	2
Mr. Gn Hiang Meng	4	4	4	4	1	1	2	2
Mr. Aric Loh Siang Khee	4	4	4	4	-	-	2	2
Mr. Phua Chian Kin	4	4	-	4[1]	1	1	-	2[1]
Mr. Phua Boon Kin	4	4	-	2[1]	-	-	-	1[1]
Ms. Saw Chin Choo	4	4	-	-	-	-	-	-

Notes:
* Number of meetings held during the FY2016.
[1] By Invitation

Guideline 1.5: Internal Guidelines for Matters Requiring Board Approval

The Group has adopted a set of internal guidelines setting forth matters that require the approval of the Board. Under these guidelines, all investments, material acquisitions and disposals of assets, corporate restructuring and all commitments to term loans and lines of credit from banks and financial institutions and unbudgeted capital expenditures require the Board's approval. The Board also delegates authority for transactions below certain prescribed threshold limits to the Board Committees and specific members of the key management to optimise operational efficiency.

Guidelines 1.6 and 1.7: Directors' Orientation and Training

Upon appointment as a director, each director receives a formal letter of appointment from the company and will also be provided with the relevant information on his/her duties and responsibilities as a director, the company's corporate governance processes as well as relevant statutory and regulatory compliance issues. Orientation courses and educational programs will be organised for each new director to ensure that the incoming director is familiar with the Group's key business and governance practices.

Directors may request for further explanations, briefings and formal discussions on any aspects of the Company's operations or business and any other issues.

As part of the Company's continuing education for all directors, the Company Secretary circulates to the Board announcements, articles, reports and press releases, such as those issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Accounting and Regulatory Authority of Singapore ("**ACRA**") which are relevant to the Group's businesses and compliance to the applicable laws, regulations and accounting standards which are currently in force. The Group's investor relations team ("**IR**") also circulates to the Board articles, reports and statistics such as those issued in the local newspapers contributed by Singapore Institute of Directors ("**SID**") and research centre of the local universities and professional bodies related to the Group's core businesses, board matters and compliance information to keep all directors updated on the current industry trends.

Directors are informed by the Company Secretary and encouraged to attend relevant upcoming conferences, courses and seminars conducted by, *inter alia*, Singapore Exchange Limited ("**SGX**"), ACRA, SID, local professional firms and consultants.

During FY2016, the directors collectively attended programmes, seminars, briefings and update sessions such as the core professional development programmes organised by SID with Institute of Singapore Chartered Accountants (ISCA) on Directors' Financial Reporting Essentials. Apart from attending courses organised or conducted by SID with collaboration with other institutes, the directors have also attended various programmes such as in-house training conducted by the Company or conducted by other companies include topics such on Risk Enterprise Management, Financial Reporting Updates on Regulatory Developments, Cyber Security Posture and Security Awareness for Board of Directors, IE Awareness Seminar on Assistance to grow your overseas business and etc. Attendances to such training session help enhance the performance of the directors in their duties.

In FY2016, the Company also organised a Board and key management retreat offsite centred on the theme "Breakthrough", with Professor Filippo di Mauro (Senior Adviser, DG-Research, European Central Bank).

The directors have attended the Group's associated companies, CMC Infocomm Limited's Initial Public Offering ("**IPO**") in August 2015 on SGX's Catalist board and Chewathai Public Company Limited's IPO in April 2016 on Markets for Alternative Investments, Stock Exchange of Thailand. The directors also conducted site visits to Thailand in order to better understand the Group's operations in Thailand. The Group Chief Executive & Managing Director also updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

Guidelines 2.1 and 2.2: Board Independence

The Board comprises eight directors, of whom five are independent directors. More than half of the Board is made up of independent directors and this composition is in compliance with the Code's requirement that at least one-third of the Board should be made up of independent directors. Currently, there is no alternate director appointed.

The composition of the Board is as follows:

Executive Directors
Mr. Phua Chian Kin (Group Chief Executive & Managing Director)
Mr. Phua Boon Kin (Deputy Group Managing Director)
Ms. Saw Chin Choo

Independent Directors
Mr. Bertie Cheng Shao Shiong (Chairman)
Mr. Tan Boen Eng
Mr. Lee Ah Fong
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

Guidelines 2.5 and 2.6: Board Competency

The NC is responsible for examining the Board size and composition to ensure efficiency and will make its recommendation to the Board in relation to these matters. The NC takes into account factors such as knowledge and experience of directors, scope and nature of the Group's operation, balance of skills, perspectives and the balance of executive directors and independent directors.

The Board is made up of a team of high calibre leaders whose extensive experience, knowledge and expertise combine will contribute to the effective decision-making and direction for the Group. As a group, the Board possesses the core competencies in areas such as vast experience in the Group's core businesses and industry, finance, audit, tax, legal knowledge, management and strategic capability. The profiles of the directors are set out in the "Board of Directors" section on pages 29 to 31 in this Annual Report. The composition of the Board enables the Company's management to benefit from the objective perspective on issues brought before the Board. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations.

Directors are free to hold open discussions on important matters such as the Group's financial performance and the Group's strategy and make decisions collectively during the Board meetings.

Guidelines 2.7 and 2.8: Role of Non-Executive Directors

The independent directors provide, amongst other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on strategy. The independent directors also help to review the performance of the Company's management in meeting agreed goals and objectives and monitor the reporting of performance. To this end and where appropriate, they are encouraged to arrange for meetings without the Company's management being present, on a regular basis and at times deemed necessary. The Company would arrange to avail the Company's premises for use by the independent directors at any time to meet regularly without the presence of Company's management.

Guidelines 2.3 and 2.4: Review of Directors' Independence and Independence of Directors Who have Served on the Board Beyond Nine Years

The NC reviews the independence of each independent director on an annual basis by taking into consideration the Code's definition of an independent director as well as the relationships which would deem an independent director not to be independent. As a result of the NC's review of the independence of each independent director for FY2016, the NC is of the view that the independent directors of the Company are independent and that no individual or small group of individuals dominate the Board's decision-making process. The Board has determined after taking into account the views of the NC that each independent director, namely Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect the directors' judgement.

Mr. Lee Ah Fong, an independent director of the Company, has declared to the Board that he is a partner of a legal firm, Ng, Lee & Partners, which may from time to time render professional legal services to the Group. Mr. Lee does not carry out the professional legal services to the Group on behalf of Ng, Lee & Partners. Nevertheless, the NC has considered Mr. Lee to be independent as the billing for the services rendered was not significant and Mr. Lee is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities. Mr. Lee abstained in the deliberation of his own independence and voting on any resolution where it relates to the appointment of Ng, Lee & Partners.

Taking into consideration that Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng have served on the Board for more than nine years, the NC has further reviewed their independence and has determined that they have maintained their independence in accordance with the Code and has contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Company. Both Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng's independence and objective leadership of the Board, their depth of experiences and skills, makes them invaluable members of the Board. The Board concurred with the views of the NC and is satisfied with the performance and independence of judgement of both Mr. Tan and Mr. Cheng.

The Board does not consider it to be in the interests of the Company and shareholders to require all directors who have served for nine years or longer to retire. The Board is of the view that the continuity and stability of the Board provide effective decision-making.

Role of Chairman and Group Chief Executive & Managing Director

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines 3.1 and 3.2: Separation of Roles of Chairman and Chief Executive Officer

The Chairman and the Group Chief Executive & Managing Director ("**GCE & MD**") are not related to each other. There is a clear division of responsibilities of the Chairman and GCE & MD to ensure an appropriate balance of power and authority to increase accountability and greater capacity of the Board for independent decision-making.

Mr. Bertie Cheng Shao Shiong, the Chairman, is responsible for, among others, ensures that the Board engages in open discussions on stragtegic, business and planning issues and approving the agenda for the Board. He is also responsible for exercising control over the quantity, quality and timeliness of the flow of information between the Company's management and the Board and ensuring compliance with the Group's guidelines on corporate governance. The Chairman also provides close oversight, advice and guidance to the GCE & MD and the key management. The Chairman also sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, promoting a culture of openness and debate at the Board and facilitates the effective contributions of non-executive directors in particular. At shareholders' meetings, the Chairman also ensures effective communication with shareholders.

Mr. Phua Chian Kin who assumes the role of GCE & MD plays an instrumental role in the expansion and growth of the business of the Group and leads the Group with strong vision. He reports to the Board on all aspects of the Group's operations and performance, including overall financial performance, internal controls and risk management. He also leads the key management and executes plans in the implementation of the Board's decisions.

Mr. Phua Boon Kin, the Deputy Group Managing Director and Managing Director of the Group's Engineering business ("**Deputy Group MD**") assist the GCE & MD in the corporate affairs of the Group's business in various business units.

In order to assist the GCE & MD, an EXCO has been established. The GCE & MD is the Chairman of the EXCO. More details on the EXCO can be found on page 62.

For good practice, each business unit head or the key management (or who have submitted proposal to the Board meeting for approval) will be invited to attend and brief the Board on business development and exposure for their respective business units including any material issue, at each Board Meeting held quarterly, at the relevant time during the Board meeting.

BOARD COMMITTEES

NOMINATING COMMITTEE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1: Composition of the NC

The Nominating Committee ("**NC**") comprises two independent directors and an executive director as follows:

Independent Directors
Mr. Gn Hiang Meng (Chairman)
Mr. Lee Ah Fong

Executive Director
Mr. Phua Chian Kin

The majority of the NC members are independent from business and management relationships. All the independent directors, including Mr. Gn Hiang Meng, the Chairman of the NC, are independent from a 10% shareholder of the Company.

Guidelines 4.2 and 4.6: The Role of the NC and Process for Selection, Appointment and Re-appointment of Directors

One of the NC's primary functions is to provide assistance to the Board in selecting suitable directors and making recommendations on all appointment of directors to the Board.

In addition, the NC also performs the following functions:

- Annual evaluation of the effectiveness of the Board as a whole, taking into account the scope and nature of the operations of the Group, to review and determine the appropriate size and structure for the Board;
- Recommends to the Board nomination of directors to fill up any vacancies in the Board or the various Committees;
- Review and recommend for re-appointment and re-election to the Board, having regard to the director's contribution and performance including, if applicable, as an independent director;
- Review annually, through formal assessment, whether a director is independent;
- Ensure that, where the director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties;
- Recommend directors who are retiring by rotation to be put forward for re-election;
- Review board succession plans for directors; and
- Review training and professional development program for the Board.

Process for Selection and Appointment of New Directors:

- The NC reviews the needs of the Board by taking into account the scope and nature of the operations of the Group;
- Based on the results of the Board Performance Evaluation which are completed by the Board annually, the NC is able to evaluate whether the composition and size of the Board is adequate. It also assesses whether additional competencies are required in the area where the appointment of new directors is concerned;
- In selecting new directors, suggestions made by directors were considered;
- After assessing their suitability, potential candidates are then short-listed by the NC; and
- The most suitable candidate is subsequently appointed to the Board.

Election and Re-election of Directors

All directors (excluding the GCE & MD) submit themselves at each AGM for re-election at regular intervals of at least once every three years. Pursuant to Article 89 of the Company's Constitution, one-third of the Board of Directors (apart from the GCE & MD) are subject to retirement from office by rotation and eligible for re-election at the Company's AGM.

The NC has recommended the nomination of director retiring by rotation under Article 89 of the Company's Constitution, namely Mr. Lee Ah Fong and Mr. Aric Loh Siang Khee for re-election at the forthcoming AGM which has been scheduled to be held on 27 September 2016 ("**2016 AGM**"). Both Mr. Lee and Mr. Loh, being eligible for re-election, have offered themselves for re-election. Mr. Lee will, upon re-election as a director of the Company, remain as the Chairman of the RC and a member of the AC, NC and EXCO and Mr. Loh will, upon re-election as a director of the Company, remain as a member of the AC and RC.

The NC has also recommended the re-appointment Mr. Bertie Cheng Shao Shiong as director of the Company under Article 93 of the Constitution of the Company, who was previously re-appointed to hold office until 2016 AGM pursuant to then Section 153(6) of the Companies Act, Cap. 50, which was repealed with effect from 3 January 2016. Mr. Cheng, being eligible for re-appointment, has offered himself for re-appointment. Upon re-appointment as a director of the Company, Mr Cheng will remain as Chairman of the Company.

Mr. Tan Boen Eng, who will be retiring under the resolution passed at the last AGM pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force), will not be seeking re-appointment at 2016 AGM. Accordingly, Mr. Tan will retire as director of the Company following the conclusion of the 2016 AGM.

The dates of initial appointment and last re-election of each director are set out below:

Name of Director	Age	Position	Date of Initial Appointment	Date of last Re-appointment / Re-election
Mr. Bertie Cheng Shao Shiong	79	Independent Director	5 March 2001	29 September 2015
Mr. Tan Boen Eng	83	Independent Director	5 March 2001	29 September 2015
Mr. Lee Ah Fong	70	Independent Director	1 March 2011	26 September 2013
Mr. Gn Hiang Meng	68	Independent Director	1 June 2013	29 September 2015
Mr Aric Loh Siang Khee	52	Independent Director	1 August 2014	30 September 2014
Mr. Phua Chian Kin	57	Executive Director	15 August 2000	Not applicable
Mr. Phua Boon Kin	54	Executive Director	1 September 2008	29 September 2015
Ms. Saw Chin Choo	54	Executive Director	10 September 2004	30 September 2014

Succession Plan for the Board

Succession planning is a crucial element of the Company's corporate governance process. The NC has adopted a succession plan to ensure the progressive and orderly renewal of Board membership. The NC also reviews the succession and leadership development plans for key management, including the identification and management of talent among the younger staff.

Guideline 4.4: Review of Directors with Multiple Board Representations

The NC is of the view that multiple listed company board appointments will not affect the director's ability to carry out their duties as directors of the Company and therefore, it would not be necessary to prescribe a maximum number of listed company board presentations a director may hold. The NC is satisfied that each director has devoted sufficient time and attention to the Company's affairs to adequately and competently carry out his or her duties as a director of the Company. The Board concurs with the view of the NC.

Policy on External Appointments

The Group recognises that its executive directors may be invited to become non-executive directors of other companies and that exposure to such appointments can broaden the experience and knowledge of its executive directors which will benefit the Group. Executive directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interests.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1, 5.2 and 5.3: Process for Assessing Board performance

In the process of assessing the effectiveness of the Board, the contribution of individual directors plays an important role. In reviewing the re-election as well as re-appointment of any director, a formal process is established by performing an evaluation on the performance of the directors annually. Assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The NC has also conducted a Board Performance Evaluation exercise to assess the effectiveness of the Board for FY2016. The results of the annual assessment shown that the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board are consistently good.

In addition, through the NC, the Board ensures that the appointed directors possess core competencies like business experience, knowledge of accounting, audit, tax, finance, legal and background understanding of the industry.

New directors will be appointed by way of a board resolution or board meeting after the NC approves of their appointment. Such new directors must submit themselves for re-election at the next AGM as provided under Article 88 of the Company's Constitution.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines 6.1 and 6.2: Adequacy of Information Provided to the Board

Prior to each meeting, the members of the Board are provided with timely management financial statements and other relevant information on material events and transactions with background and explanations to enable them to have a comprehensive understanding of the issues so as to make informed decisions. However, sensitive matters may be tabled or discussed at the Board meetings without any meeting papers distributed. In view of the Group's size and the nature of its operations, the Group released its results on a quarterly basis. In between Board meetings, other important matters concerning the Group are also submitted to the Board for approval by way of circulating resolutions in writing and electronic communications.

Guidelines 6.3 and 6.4: Access to and Appointment and Removal of the Company Secretary

Either one of the joint company secretaries or their representatives would attend all the Board meetings and provide assistance to the Chairman by ensuring that the board procedures are followed. They also assist to ensure that the relevant regulations, as well as the requirements of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST have been duly complied with. The appointment and removal of the company secretary is a matter that has to be decided by the Board as a whole.

Guideline 6.5: Ability to take Independent Professional Advice

The directors have also been provided with the telephone numbers and electronic communication particulars of the Company's key management and joint company secretaries to facilitate access. The directors are free to seek independent professional advice, at the Company's expense, concerning all aspects of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines 7.1 and 7.2: Establishment of the RC and its Role

The Remuneration Committee ("**RC**") comprises three independent directors as follows:

Independent Directors
Mr. Lee Ah Fong (Chairman)
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

All the RC members are independent from business and management relationships. The independent directors, including Mr. Lee Ah Fong, the Chairman of the RC, are independent from a 10% shareholder of the Company.

The responsibilities of the RC are as follows:

- Recommend a framework for remunerating the Board, both executive and non-executive directors and key management; and
- Review all matters relating to remuneration of the Board and key management.

Guideline 9.6: Disclosure on Link between Performance and Remuneration

The remuneration policy adopted by the Group 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 pre-determined key performance indicators (KPI) 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, currently the Group also takes into account of the remuneration and employment conditions within the same industry and in comparable companies.

Guidelines 8.2 and 9.5: Short-Term and Long-Term Incentive Schemes and Employee Share Schemes

The Company currently does not have any long-term incentive schemes for directors and key management.

In order to enhance and enable the Group to structure a more competitive remuneration package to attract, retain and incentivise employees and directors whose contributions are essential to the long term growth, well-being and prosperity of the Group, the Company will be proposing the adoption of the TEE International Employee Share Option Scheme 2016 and the TEE International Performance Share Plan 2016 (collectively, the "**Schemes**") at the extraordinary general meeting ("**EGM**") proposed to be held on 27 September 2016 (or immediately after the 2016 AGM).

In relation to the Schemes, the Company had, on 17 August 2016, received the approval in-principle from the SGX-ST for the listing and quotation of the new ordinary shares in the capital of the Company to be issued in connection with the exercise of share options, and the vesting of share awards, granted under the Schemes, subject to:-

(a) compliance with the SGX-ST's listing requirements and guidelines; and
(b) approval from the independent shareholders of the Company being obtained for the proposed adoption of each Scheme.

The Group believes that the implementation of the proposed Schemes will enable the Company to structure a competitive remuneration package, and at the same time, give such employees and directors an opportunity to have a direct interest in the Company, which will in turn help to attain and to motivate each participant to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group.

Guideline 8.3: Remuneration of Non-Executive Directors

The Board recommended a fixed fee for the effort, time spent and responsibilities of each independent director. The Chairman of the Board is remunerated with a higher director's fee as his level of responsibility is higher. The directors' fees are subject to shareholders' approval at the AGM. They do not have any service contracts with the Company.

Guidelines 7.3, 7.4 and 8.4: Termination Clauses, Expert Advice on Remuneration and Contractual Provisions

The GCE & MD has a 3-year renewal service contract with removal clauses or early termination clauses. The RC would review the Company's obligations arising in the event of termination of the executive directors and key management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Company's Constitution governs the terms of the directors' appointment. There are safeguards in place to ensure that no one individual director represents a considerable concentration of power. The RC has full authority to engage any external professional adviser on matters relating to remuneration, if the need arises. No director is involved in the determination of his own remuneration.

During the year, two (2) of the executive directors' service contracts were revised and added with new provisions to allow the Company to defer part of the performance incentive bonus of the executive directors for the relevant financial year and payable, subject to there being no losses incurred in the next two consecutive financial years. The Company will review and incorporate such provisions to the existing service contracts with the other executive directors, subject to the recommendation by the RC, when these service contracts are due for renewal.

Guidelines 9.1 and 9.2: Report to Shareholders on Remuneration and Disclosure of Directors' Remuneration

For competitive and due to commercially sensitive reasons, the Company is not disclosing the remuneration of each individual director. However, the Company shall adopt the disclosure in bands of S$250,000, which, in the Company's context, would provide a good overview and is informative of the remuneration of the directors.

The Board is of the opinion that the Company's compensation policies are commercially sensitive information and full disclosure is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool.

The breakdown of the level and mix of remuneration paid or payable to each director of the Company (in percentage terms) for FY2016 is as follows:

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Directors' Fees %[1]	Attendance Fees %[1]	Salaries %[2]	Bonuses %[2]
S$1,000,000 to below S$1,250,000				
Mr. Phua Chian Kin	1.7	0.9	46.9	50.5
S$250,000 to below S$500,000				
Mr. Phua Boon Kin[3]	2.0	1.5	61.7	34.8
Ms. Saw Chin Choo	2.4	1.2	63.6	32.8
Below S$100,000				
Mr. Bertie Cheng Shao Shiong	94.1	5.9	-	-
Mr. Tan Boen Eng	89.2	10.8	-	-
Mr. Lee Ah Fong	89.3	10.7	-	-
Mr. Gn Hiang Meng	89.8	10.2	-	-
Mr. Aric Loh Siang Khee	88.5	11.5	-	-

Notes:

1 The directors' fees of S$343,750 were approved at the last AGM held on 29 September 2015. The directors' fees comprise of directors' and committees' fees. Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee were paid S$64,000, S$33,000, S$75,000, S$79,500 and S$54,000 respectively for FY2016. Mr. Phua Chian Kin was paid S$17,250, Mr. Phua Boon Kin and Ms. Saw Chin Choo were paid S$10,500 each for FY2016.

2 The salaries and bonuses shown are inclusive of Singapore Central Provident Fund Contributions.

3 Mr. Phua Boon Kin is the younger brother of Mr. Phua Chian Kin, GCE & MD.

Guideline 9.3: Disclosure of Key Executives' Remuneration

For competitive and due to commercially sensitive reasons, the Company is not disclosing the names and remuneration of each of the key management (who are not directors or CEO 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 (5) key management, in bands of S$250,000 as follows:

Remuneration Band	Salaries %[1]	Bonuses %[1]
S$250,000 to below S$500,000	75.7%	24.3%
5 Key Management		
Total Remuneration	S$1,447,557	

Notes:
[1] The salaries (include attendance fees) and bonuses shown are inclusive of Singapore Central Provident Fund Contributions.

Guideline 9.4: Remuneration of Employees Related to Directors or CEO

With the exception of Mr. Phua Chian Kin, Mr. Phua Boon Kin and Mr. Phua Cher Chew, there were no employees of the Group who are family members of a director or the GCE & MD of the Company, and whose remuneration exceeded S$50,000 during FY2016. Mr. Phua Boon Kin, Deputy Group MD, is the younger brother of Mr. Phua Chian Kin, GCE & MD. Mr. Phua Cher Chew, Executive Director and Chief Executive Officer of TEE Land Limited, is the nephew of Mr. Phua Chian Kin and Mr. Phua Boon Kin.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Guidelines 10.1, 10.2 and 10.3: Provision of Balanced and Understandable Assessment of the Company's Performance, Compliance with Legislative and Regulatory Requirement and Management Accounts to the Board

The Company seeks to deliver maximum shareholder value by maintaining accountability of the Board to the shareholders and of the Company's management to the Board. The Board is accountable to shareholders for its performance.

Upon approval and authorisation given by the Board, quarterly, full-year financial statements and other price sensitive information are disseminated and presented to the shareholders promptly through announcements via SGX-ST's SGXNet broadcast network ("**SGXNet**"), press releases, the Company's corporate website, media and analyst briefings. The Company's latest Annual Report is also available at the Company's corporate website.

The Company also completes and submits the compliance checklists to SGX-ST (if applicable) to ensure that all financial results announcements, circulars and letters to our shareholders comply with the minimum requirements set out in the Listing Manual of SGX-ST.

For accountability purpose, the negative assurance confirmation by the Board was incorporated into the results announcements of the first, second and third quarters. The assurance was confirmed by Mr. Phua Chian Kin, GCE & MD and Ms. Saw Chin Choo, Executive Director, for and on behalf of the Board, that to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements to be false or misleading in any material aspect.

The directors aim to present a balanced and transparent assessment of the Group's position and prospects. During the preparation of financial statements, the directors have ensured that all applicable financial reporting standards have been followed; judgments and estimates made are reasonable and prudent; and adopted appropriate accounting policies and applied them consistently. The Company's management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties.

Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1 and 11.2: Risk Management and Internal Control Systems, Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board has the overall responsibility for the governance of risks and ensures that the Group has the capabilities to manage and control the risks in new and existing businesses.

In response to the increasing scale and complexity of operations, the Group has adopted the Enterprise Risk Management ("**ERM**") Framework which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The framework is reviewed regularly taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of Group over a short-medium term are summarised in the Group Risks Register, and are being ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated by the counter measures.

The ERM Framework expands on internal controls, providing a more robust and extensive focus on the roader subject of enterprise risk management. While it is not intended to and does not replace the internal control framework, but rather incorporates the internal control framework within it, we are able to leverage on the ERM Framework to satisfy internal control needs and to move towards a fuller risk management process.

The internal audit function of the ERM is an independent, objective assurance and consulting activity. Its core role is to provide objective assurance to the Board in relation to the effectiveness of the Company's risk management. The internal audit aims to ensure that major business risks are being managed appropriately as well as risk management and internal control framework is operating effectively.

The risk management system is an essential part of its business planning and monitoring process. On an annual basis, Company's management reports to the Board on the Group's risk profile, evaluates results and counters measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned.

Guideline 11.3: Board's Opinion on the Adequacy and Effectiveness of Risk Management and Internal Control Systems

During FY2016, the Audit Committee ("**AC**") also reviewed reports submitted by the internal and external auditors relating to the effectiveness of the Group's internal controls including the adequacy and effectiveness of the Group's financial, human resources, operational, compliance and relevant communications as parts of their audits.

The Board has received assurance from the GCE & MD and the Group Financial Controller ("**GFC**") (i) that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) that the Group's risk management and internal control systems are in place and effective.

Based on the framework of risk management and internal controls established and maintained, the work performed by the Business Control and Risk department, internal and external auditors, and the reviews performed by the Company's management and the above assurance from the GCE & MD and GFC, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems, addressing key financial, operational, compliance, information technology and risk management objectives, and which the Group considers relevant and material to its operations were adequate and effective to meet the needs of the Group in its business environment during FY2016. The Company has complied with Rule 1207(10) of the Listing Manual of SGX-ST.

Guideline 11.4: Risk Committee

Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Currently, the AC and the Board assume responsibility for the risk management function.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guidelines 12.1 and 12.2: Composition of the AC

The AC consists of three independent directors as follows:

Independent Directors
Mr. Gn Hiang Meng (Chairman)
Mr. Lee Ah Fong
Mr. Aric Loh Siang Khee

All the AC members are independent from business and management relationships, including a 10% shareholder of the Company.

At least 2 members including the Chairman of the AC have sufficient accounting and related financial management expertise. All the members of the AC are suitably qualified to discharge the AC's responsibilities.

Guidelines 12.3, 12.4, 12.5 and 12.8: Authority and Role of the AC, Private Discussion with the External and Internal Auditors and Summary of the AC's Activities

The AC has explicit authority to investigate any matter within its terms of reference and execution of its corporate governance responsibilities within the established Board references. It has full access to, and the co-operation of the Company's management and has full discretion to invite any director or key management to attend its meetings. Each member of the AC shall abstain from voting any resolution in respect of matters of which he is interested in.

The AC has adequate resources, including independent access to the external consultants, internal auditor and external auditor. During the year, the AC has held separate meetings with the internal auditor and external auditor without the presence of the Company's management to discuss and review the internal auditor's reports and recommendations and the external auditor's reports on reasonableness of the financial reporting process, to review the adequacy of audit arrangements with particular emphasis on the observation and recommendations of the external auditor, the scope and quality of their audits and the independence and objectivity of the external auditor. Any changes to accounting standards and issues which have a direct impact on the financial statements would be raised by the external auditor and keep the AC members abreast of such changes.

The AC holds quarterly, half-yearly and full-year meetings to review the financial statements and related disclosures before submitting them for recommendation to the Board for approval. Before the release of the Company's quarterly and full-year results, the AC meets to review the results announcement together with the Company's management and if required, the external auditor, prior to its recommendations to the Board for approval.

The AC also conducts regular reviews of the nature, extent and costs of all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors. This is to strike a balance of the maintenance of their objectivity and their ability to provide value-for-money services.

The duties of AC include the following:

- Review findings, audit plan, including nature and scope of audit before the commencement of each audit, evaluation of the Group's system of internal accounting controls, auditors' report and management letters with the internal and external auditors;
- Review quarterly and full-year financial statements and announcements before submission to the Board for approval;
- Review the assistance and co-operation given by the Company's management to the internal and external auditors;
- Review the adequacy of internal audit function;
- Review and discuss with external auditors any suspected fraud, irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the management's response;
- Make recommendations to the Board on the appointment or re-appointment of the internal and external auditors, audit fees and matters relating to the resignation and dismissal of the auditors;
- Review any interested person transactions and ensure that each transaction has been conducted on an arm's length basis;
- Review any potential conflicts of interest; and
- Consider other matters as defined by the Board.

The Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST in relation to its external auditors.

It is noted that different auditors have been appointed for some of the overseas subsidiaries and associates. The names of the auditing firms are disclosed in Notes 15 and 16 of the Notes to Financial Statements in the Annual Report. To comply with Rule 716 of the Listing Manual of the SGX-ST, this matter has been reviewed by the AC and the Board. The AC and the Board have satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

Guideline 12.6: Review of Independence of External Auditor

Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditor, Deloitte & Touche LLP ("**D&T**"), the amount of audit and non-audit fee payable to D&T are disclosed in Note 41 of the Notes to Financial Statements in the Annual Report. The AC was satisfied that the nature and extent of such services provided will not prejudice the independence and objectivity of the external auditor, the AC has recommended their re-appointment to the Board for shareholders' approval at the 2016 AGM.

Guideline 12.7: Whistle-Blowing Policy

The AC has set up a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy are made available to all employees at the Company's corporate website at http://www.teeintl.com. All whistle-blower complaints would be reviewed by the AC at its quarterly meetings to ensure thorough investigation and adequate follow-up. On an on-going basis to bring awareness of this policy, the whistle-blowing policy is covered during staff's training or periodic communication to all staff. In addition, new staff who joined the Company will also be briefed of the policy. There were no whistle-blowing letters received during FY2016 and until the date of this Annual Report.

Guideline 12.9: Former Partner or Director Involved in Company's Audit Process

Mr. Aric Loh Siang Khee was a former audit partner of the Company's existing auditing firm, D&T. He has ceased as an audit partner of the aforesaid auditing firm since 2013 and has no financial interest in the firm. The appointment of Mr. Loh as a member of the AC is in compliance with the Code.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines 13.1, 13.2.13.3 and 13.4: Independence and Adequacy of Internal Audit Function and Internal Audit Standards

The Company has appointed Protiviti Pte. Ltd. (the "**IA**") to provide internal audit services within the Group for selected audits which are not audited internally by the Group's Business Control and Risk department ("**BCR**"). The IA and BCR have unrestricted access to all the Company's documents, including access to the AC. Their primary line of reporting is to the Chairman of the AC. .

The IA has adopted the International Standards for the Professional Practice of Internal Auditing promulgated by The Institute of Internal Auditors. The AC is satisfied that the IA and BCR are staffed with persons with the relevant qualifications and experience and have sufficient and competent resources to carry out the internal audit function for the Group.

In consultation with the AC and independent of the Company's management, the IA and BCR have reviewed key internal controls in selected areas and they have reported their findings to the AC and recommended areas of improvement to strengthen the Group's internal control system.

Guideline 13.5: Annual Review of the Adequacy and Effectiveness of the Internal Audit Function

Based on the internal controls established and maintained by the Group, work performed by the internal auditor and external auditor, and reviews performed by the Company's management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance, risk management systems and information technology controls risks were adequate during FY2016.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 14.2 and 14.3: Rights at General Meetings and Appointment of Proxies

All shareholders are entitled to attend the general meetings and are provided the opportunity to participate effectively and vote at the meetings. Shareholders are informed of the rules, including voting procedures that govern the general meetings of shareholders. The Company's Constitution allows a shareholder to appoint up to two (2) proxies to attend and vote on behalf of the shareholders. With the introduction of a new multiple-proxies regime in the Companies Act, Cap 50, as amended by the Companies (Amendment) Act 2014, relevant intermediaries such as banks, capital market services licence holders which provide custodial services for securities and the Central Provident Fund Board are allowed to appoint more than two (2) proxies to attend, speak and vote at the shareholders' meeting.

Guidelines 14.1 and 15.2: Information and Timely Disclosure of Information to Shareholders

The Company acknowledges the importance of open and fair communication with stakeholders and has also taken efforts to maintain a high level of transparency by issuing announcements of important transactions and price sensitive transactions through SGXNet, notwithstanding that some of these transactions may not require disclosure by the Listing Manual of SGX-ST. The Group also continues to keep shareholders and stakeholders informed of the Group's corporate activities including any changes in the Group or its business that is likely to materially affect the price or value of its shares.

Disclosure of the information by the Company is made on a timely basis through communication channels such as corporate announcements through the SGXNet, the publication of the Annual Report and the holding of the general meetings. All material information is also updated on the Company's corporate website at http://www.teeintl.com, which serves as a one-stop source for shareholders and stakeholders alike. The retail and institutional investors may subscribe to TEE International's email alert service, which will allow the subscribers to automatically recevie all the announcements or press releases that have been released by the Company via SGXNet. The release of timely information is in line with the Company's corporate governance practices, as it enables potential investors and shareholders alike to make informed investment decisions.

Guidelines 15.1, 15.3 and 15.4: IR Policy and Activities, Dialogue and Understanding Shareholders' View

The Company has taken steps to solicit and understand the views of the shareholders by proactively engaging shareholders and investors through face to face meetings, email communication and webpage. The Company meets its retail and institutional investors regularly at least (4) four times, once every quarter, within each financial year and at other times as appropriate, after the release of its Group's financial results. The Company has conducted a Shareholders' Forum in January 2016 to update shareholders on any latest corporate and industry developments and to attend to their questions. The Company has met with its retail and institutional investors five (5) times for FY2016.

The Company does not practice selective disclosure of material information. All materials on the quarterly and full-year financial statements, corporate announcements and shareholder reports are issued promptly and within the prescribed periods. Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. The notice of general meetings are also published in a major local newspaper and announced via SGXNet to the shareholders. The Annual Report is also available to all shareholders on the corporate website or upon request.

The Group has an IR who manages communications with all stakeholders and to attend to or ensure their queries and concerns are promptly addressed by the relevant key management. For details on the Group's IR activities, please refer to the "Investor Relations" section, pages 34 to 35 of this Annual Report.

Guideline 15.5: Dividend Policy

The Group does not have a formal dividend policy. The form, frequency, and amount of any proposed dividend will take into consideration the Group's operating results, financial position, committed capital expenditure, working capital requirements and any other relevant considerations the Board deem appropriate.

Conduct of shareholder meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Guidelines 16.1 and 16.2: Greater Shareholder Participation and Separate Resolutions

To encourage greater shareholder participation at AGMs or other general meetings, the Company holds it AGM and other general meetings at centrally located venues that are easily accessible via public transport.

The Group supports active shareholders participation at AGMs and EGMs and views such general meetings as important engagement sessions with shareholders. Shareholders who are unable to attend may appoint proxies to attend the general meetings on their behalf if they wish. Separate resolutions on each distinct issue are proposed at the general meetings of the Company for approval to avoid "bundling" of resolutions as recommended by the Code.

Guideline 16.3: Attendance of Directors and other Keys Persons at General Meetings

The Chairman presides over the general meetings and is accompanied by fellow Board members, the Chairman of the AC, NC, RC and EXCO respectively, the joint company secretaries or their representatives as well as other key management. The Company's external auditor, D&T, is also present to address any relevant queries from the shareholders at the general meetings.

Guideline 16.4: Minutes of General Meetings

The minutes of the general meetings are prepared by the joint company secretaries, which include substantial comments or queries from shareholders and responses from the Board members and the Company's management. These minutes are available to shareholders upon their written request.

Guideline 16.5: Voting by Poll

Pursuant to the Company's Constitution, a poll may be demanded by the Chairman of the general meeting or by at least two (2) members or any member present in person or by proxy representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting. For greater transparency, the Company has conducted electronic poll voting for all the resolutions passed at the last AGM. The Company will continue to put all resolutions to vote by way of poll for any forthcoming general meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled and the respective percentages, will be announced to SGX-ST via SGXNet on the same day after the conclusion of the meetings.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

DEALING IN SECURITIES

In line with Rule 1207(19) of the Listing Manual of SGX-ST, the Company has adopted its own internal compliance code, with regards to dealing in the Company's securities. Directors, Company's management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year results and ending on the day of the announcement, or when they are in possession of unpublished price-sensitive information on the Group.

They are also advised to observe insider-trading laws at all times even when dealing in securities within the permitted trading period. In addition, they are discouraged from dealing in the Company's securities on short-term considerations.

When the Company is involved in any major corporate exercise such as investment or divestment that could be price-sensitive in relation to the Company's securities, directors, Company's management and officers of the Group involved are advised not to deal in the Company's securities.

The guidelines on share buy-back mandate to be renewed at the Company's forthcoming AGM also provides that the Company will not repurchase or acquire any share through on-market share purchases during the period commencing two weeks and one month immediately preceding the announcement of the Company's quarterly and full year results respectively.

MATERIAL CONTRACTS

Other than as disclosed under Interested Person Transactions, pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, no material contract involving the interests of the GCE & MD, any director or controlling shareholder has been entered into by the Company or its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial period under review.

INTERESTED PERSON TRANSACTIONS

The Group has adopted a policy in respect of any transactions with interested persons which requires all such transactions to be at arm's length, that the transactions are not prejudicial to the interests of the shareholders and reviewed by the AC during the quarterly and full-year meetings. The following disclosures have been made in compliance with Rule 907 of the Listing Manual of SGX-ST.

The aggregate values of all interested person transactions during the financial year (excluding transactions less than S$100,000) in FY2016 are as follows:

Name of interested person	Nature of Transaction	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	Remarks
PBT Automobile & Credit Pte. Ltd.	Rental of vehicles	184	-	Company with common shareholder and director

The AC confirms that the said transactions were within the threshold limits set out under Chapter 9 of the Listing Manual of SGX-ST and no announcement or shareholders' approval was, therefore, required. The transactions have been conducted on an arm's length basis.

USE OF PROCEEDS ARISING FROM EXERCISE OF BONUS WARRANTS

On 2 June 2014, there were bonus warrants issued on the basis of 2 warrants for every 5 existing ordinary shares in the capital of the Company held by the shareholders of the Company. The warrants can be exercised at the exercise price of S$0.25 per warrant within the period from 3 June 2014 to 26 May 2017.

The Company intends to utilise the net proceeds from the issue of shares arising from exercise of warrants for general corporate purposes, including refinancing of existing borrowings and financing of working capital, acquisition, investment and capital expenditure requirements of the Group as the directors may deem fit. The percentage allocation for each intended use cannot be determined at this moment. The Company will make periodic announcements on the utilisation of the proceeds.

As at 31 May 2016, the number of outstanding bonus warrants was 186,385,684. To date, 10,196,912 warrants were converted to ordinary shares at the exercise price of S$0.25 per warrant. The proceeds of approximately S$2,550,000 was used for share capital increase of its engineering subsidiary, Trans Equatorial Engineering Pte Ltd, in August 2015.

EXECUTIVE COMMITTEE

The Executive Committee ("**EXCO**") comprises an executive director and two independent directors as follows:

Executive Director
Mr. Phua Chian Kin (Chairman)

Independent Directors
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

Within the limits of authority delegated by the Board, the EXCO reviews and approves, business opportunities, strategic investments, divestments, project budgetary report, major capital and operating expenditures. The EXCO also evaluates and recommends larger investments, capital and operating expenditures, as well as divestments to the Board for approval.

The details of the frequency of the EXCO meetings held during FY2016 and the attendance of the EXCO members and the invitees are set out below:

Name of Member	EXCO Meetings	
	No. of meetings held*	No. of meetings attended
Mr. Phua Chian Kin	3	3
Mr. Lee Ah Fong	3	3
Mr. Gn Hiang Meng	3	3
Mr. Phua Boon Kin	-	3[1]
Ms. Saw Chin Choo	-	2[1]

Notes:
* Number of meetings held during the period when the respective directors served on the EXCO.
[1] By Invitation

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) Yes. Where there are deviations from the principles and guidelines of the Code, an explanation has been provided in this Report. (b) Not applicable.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The specific matters which are reserved for the Board's approval include: (1) all investments, material acquisitions and disposals of assets and corporate restructuring; (2) all commitments to term loans and lines of credit from banks and financial institutions; and (3) unbudgeted capital expenditures .
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(a) The Nominating Committee ("**NC**") is responsible for examining the Board size and composition to ensure efficiency and will make its recommendation to the Board in relation to these matters and the NC takes into account factors such as knowledge and experience of directors, scope and nature of the Group's operation, balance of skills, perspectives and the balance of executive directors and independent directors. (b) Yes, as a group, the Board possess the core competencies in areas such as vast experience in the Group's core businesses and industry, finance, audit, tax, legal knowledge, management and strategic capability. (c) The Board and NC have taken, inter alia, the following steps to enhance its balance and diversity to maximize its effectiveness: (1) The nomination process of directors takes into consideration the importance of as knowledge and experience of directors, scope and nature of the Group's operation, balance of skills, perspectives and the balance of executive directors and independent directors; (2) Annual review and recommendation for re-appointment and re-election of directors to the Board, having regard to the director's contribution and performance including, if applicable, as an independent director; and (3) Ensure that, where the director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties;

Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	(i) For the financial year, there is no appointment of new directors, however, the Group does have the following nomination procedures in place for assessing or selection and appointment of new directors: • The NC reviews the needs of the Board by taking into account the scope and nature of the operations of the Group; • Based on the results of the Board Performance Evaluation which are completed by the Board annually, the NC is able to evaluate whether the composition and size of the Board is adequate. It also assesses whether additional competencies are required in the area where the appointment of new directors is concerned; • In selecting new directors, suggestions made by directors were considered; • After assessing their suitability, potential candidates are then short-listed by the NC; and • The most suitable candidate is subsequently appointed to the Board. (ii) The nomination process for the Company in the last financial year for re-electing incumbent directors includes : • the director's contribution and performance including, if applicable, as an independent director; • ensure that, where the director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties; • assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs; and • being eligible for re-election, have offered themselves for re-election.

Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(a) Yes. Orientation courses and educational programs will be organised for each new Director to ensure that the incoming Director is familiar with the Group's key business and governance practices. (b) (i)Upon appointment as a director, each new director receives a formal letter of appointment from the Company and will also be provided with the relevant information on his/her duties and responsibilities as a director, the Company's corporate governance processes as well as relevant statutory and regulatory compliance issues; and (ii) Directors are informed by the Company Secretary and encouraged to attend relevant upcoming conferences, courses and seminars conducted by, inter alia, SGX, ACRA, SID, local professional firms and consultants. As part of the Company's continuing education for all directors, the Company Secretary circulates to the Board announcements, articles, reports and press releases, such as those issued by the SGX and ACRA which are relevant to the Group's businesses and compliance to the applicable laws, regulations and accounting standards which are currently in force. The IR circulates to the Board articles, reports and statistics such as those issued in the local newspapers by SID and research centre of the local universities and professional bodies related to the Group's core businesses and compliance information to keep all directors updated on the current industry trends.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	(a) No maximum number has been determined. (b) The NC is of the view that multiple listed company board appointments will not affect the director's ability to carry out their duties as directors of the Company and therefore, it would not be necessary to prescribe a maximum number of listed company board presentations a director may hold. The Group recognizes that its executive directors may be invited to become non-executive directors of other companies and that exposure to such appointments can broaden the experience and knowledge of its executive directors which will benefit the Group. Executive directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interests. (c) Assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The Board also ensures that the appointed directors possess core competencies like business experience, knowledge of accounting, audit, tax, finance, legal and background understanding of the industry.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) The NC has conducted a Board Performance Evaluation exercise to assess the effectiveness of the Board for FY2016. The results of the annual assessment shown that the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board are consistently good. (b) Yes.

Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board comprises eight directors, of whom five are independent directors. More than half of the Board is made up of independent directors and this composition is in compliance with the Code's requirement that at least one-third of the Board should be made up of independent directors.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng have served on the Board for more than nine years, the NC has further reviewed their independence and has determined that they have maintained their independence in accordance with the Code and has contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Company. Both Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng's independence and objective leadership of the Board, their depth of experiences and skills, makes them invaluable members of the Board. The Board concurred with the views of the NC and is satisfied with the performance and independence of judgement of both Mr. Tan and Mr. Cheng.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	For competitive and due to commercially sensitive reasons, the Company is not disclosing the remuneration of each individual director. However, the Company has adopted the disclosure in bands of S$250,000 (as well as a breakdown the level and mix of remuneration paid or payable to each director of the Company in percentage terms), which, in the Company's context, would provide a good overview and is informative of the remuneration of the directors. The Company currently does not have any long-term incentive schemes for the directors and key management.

Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) For competitive and due to commercially sensitive reasons, the Company is not disclosing the names and remuneration of each of the key management (who are not directors or CEO 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 (5) key management, in bands of S$250,000, as well as a breakdown (in percentage terms) into base/fixed salary, variable or performance-related income/bonuses. The Company currently does not have any long-term incentive schemes for directors and key management. (b) For FY2016, the aggregate remuneration paid to the top five key management is S$1,447,557.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	With the exception of Mr. Phua Chian Kin, Mr. Phua Boon Kin and Mr. Phua Cher Chew, there were no employees of the Group who are family members of a director or the GCE & MD of the Company, and whose remuneration exceeded S$50,000 during FY2016. Mr. Phua Boon Kin, Deputy Group MD, is the younger brother of Mr. Phua Chian Kin, GCE & MD. Mr. Phua Cher Chew, Executive Director and Chief Executive Officer of TEE Land Limited, is the nephew of Mr. Phua Chian Kin and Mr. Phua Boon Kin.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) The remuneration policy adopted by the Group 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 pre-determined key performance indicators (KPI) or service conditions and involvement of the personnel in the assignment or project as well as their roles and responsibilities over the performance period. (b) Not applicable (c) Not applicable

Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Prior to each meeting, the members of the Board are provided with timely management financial statements and other relevant information on material events and transactions with background and explanations to enable them to have a comprehensive understanding of the issues so as to make informed decisions. However, sensitive matters may tabled or discussed at the Board meetings without any meeting papers distributed. In between Board meetings, other important matters concerning the Group are also submitted to the Board for approval by way of circulating resolutions in writing and electronic communications.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes, the Company has appointed Protiviti Pte. Ltd. (the "IA") to provide internal audit services within the Group for selected audits which are not audited internally by the Group's Business Control and Risk department ("BCR").
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) The Group has adopted the Enterprise Risk Management ("ERM") Framework which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The framework is reviewed regularly taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of Group over a short-medium term are summarised in the Group Risks Register, and are being ranked according to their likelihood and consequential impact to the Group as a whole. On an annual basis, Management reports to the Board on the Group's risk profile, evaluates results and counters measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned. During FY2016, the AC also reviewed reports submitted by the internal and external auditors relating to the effectiveness of the Group's internal controls including the adequacy and effectiveness of the Group's financial, human resources, operational, compliance and relevant communications as parts of their audits. The Board has also received assurance from the GCE & MD and GFC: (i) that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) that the Group's risk management and internal control systems are in place and effective. (b) Yes.

Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(a) Audit fees for the Group paid to the external auditors, Deloitte & Touche LLP ("D&T")– S$392,000; and Non-audit fees for the Group paid to D&T – S$87,000. (b) Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditor, D&T, the AC was satisfied that the nature and extent of such services provided will not prejudice the independence and objectivity of the external auditor.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(a) Yes. The Company has taken steps to solicit and understand the views of the shareholders by proactively engaging shareholders and investors through face to face meetings, email communication and webpage. The Company meets its retail and institutional investors regularly at least (4) four times, once every quarter, within each financial year and at other times as appropriate, after the release of its Group's financial results. The Company has conducted a Shareholders' Forum in January 2016 to update shareholders on any latest corporate and industry developments and to attend to their questions. The Company has met with its retail and institutional investors five (5) times for FY2016. (b) Yes, a dedicated IR is available to facilitate investors' communication with the Company. An e-mail account maintained by IR is available at the Company's corporate website. (c) All material information is also updated on the Company's corporate website at http://www.teeintl.com, which serves as a one-stop source for shareholders and stakeholders. They may also subscribe to TEE International's email alert service, which will allow the subscribers to automatically receive all announcements or press releases that have been released by the Company via SGXNet.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended May 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 76 to 155 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at May 31, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended May 31, 2016 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr. Bertie Cheng Shao Shiong
Mr. Tan Boen Eng
Mr. Lee Ah Fong
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee
Mr. Phua Chian Kin
Mr. Phua Boon Kin
Ms. Saw Chin Choo

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Names of directors and company in which interests are held	**Shareholdings registered in names of directors**			**Shareholdings in which directors are deemed to have interests**		
	At beginning of year	**At end of year**	**At June 21, 2016**	**At beginning of year**	**At end of year**	**At June 21, 2016**
The Company			Ordinary shares			
Mr. Bertie Cheng Shao Shiong	7,500,000	7,500,000	7,500,000	3,900,000	3,900,000	3,900,000
Mr. Tan Boen Eng	207,521	207,521	207,521	-	-	-
Mr. Phua Chian Kin	271,866,056	280,568,756	281,445,556	16,526,264	16,526,264	16,526,264
Mr. Phua Boon Kin	105,172	105,172	105,172	-	-	-
Ms. Saw Chin Choo	1,350,000	1,390,000	1,390,000	3,312	3,312	3,312

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Names of directors and company in which interests are held	Shareholdings registered in names of directors			Shareholdings in which directors are deemed to have interests		
	At beginning of year	At end of year	At June 21, 2016	At beginning of year	At end of year	At June 21, 2016
A subsidiary, TEE Land Limited			Ordinary shares			
Mr. Bertie Cheng Shao Shiong	500,000	500,000	500,000	260,000	260,000	260,000
Mr. Tan Boen Eng	103,834	103,834	103,834	-	-	-
Mr. Lee Ah Fong	37,000	37,000	37,000	-	-	-
Mr. Phua Chian Kin	21,103,093	21,970,593	21,970,593	283,430,428	283,700,428	283,700,428
Mr. Phua Boon Kin	7,011	7,011	7,011	93,000	93,000	93,000
Ms. Saw Chin Choo	223,000	318,000	318,000	220	220	220
The Company	Warrants to subscribe for ordinary shares at the exercise price of $0.25 each					
Mr. Bertie Cheng Shao Shiong	4,420,000	4,420,000	4,420,000	-	-	-
Mr. Tan Boen Eng	83,008	83,008	83,008	-	-	-
Mr. Phua Chian Kin	96,109,262	96,109,262	96,109,262	6,400,505	6,400,505	6,400,505
Mr. Phua Boon Kin	68	68	68	-	-	-
Ms. Saw Chin Choo	451,365	451,365	451,365	1,324	1,324	1,324

By virtue of Section 7 of the Singapore Companies Act, Mr. Phua Chian Kin is deemed to have an interest in all the subsidiaries of the Company.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted, other than the warrants to subscribe for ordinary shares at the exercise price at $0.25 each, as disclosed below:

Date of issue	Balance at June 1, 2015 or date of issue, if later	Exercised during the year	Balance at May 31, 2016
TEE International Limited			
Warrants over ordinary shares			
June 2, 2014	186,386,020	(336)	186,385,684

The warrants can be exercised within the period from June 3, 2014 to May 26, 2017.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of options to take up unissued shares.

4 SHARE OPTIONS (cont'd)

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee comprised three members as at the end of the reporting period. The members of the committee at the date of this report are:

Mr. Gn Hiang Meng	(Chairman and independent director)
Mr. Lee Ah Fong	(Independent director)
Mr. Aric Loh Siang Khee	(Independent director)

The Audit Committee reviews the Group's internal controls on behalf of the Board of Directors and performs the functions specified in Section 201B of the Singapore Companies Act.

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and performs inter alia, the following functions:

(a) reviewed the overall scope of work of both the external and internal auditors and the assistance and co-operation accorded to them by management;

(b) reviewed the results of the external auditors' examination of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and evaluation of the Group's system of internal accounting controls;

(c) reviewed the announcements of results as well as related press releases of the Group;

(d) reviewed with the internal auditors the effectiveness and adequacy of the internal control policies and procedures in addressing the financial, operational and compliance risks of the Group including their recommendations on improving the internal controls of the Company and the Group;

(e) considered and recommended the appointment or re-appointment of the internal and external auditors;

(f) reviewed the independence and objectivity of the external auditors where non-audit services are provided by them;

(g) met with the external and internal auditors without the presence of management;

(h) reviewed interested person transactions; and

(i) reviewed any potential conflict of interest.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
August 31, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TEE International Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at May 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 76 to 155.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at May 31, 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

August 31, 2016

STATEMENTS OF FINANCIAL POSITION

May 31, 2016

	Note	Group		Company	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	32,206	24,012	1,710	677
Bank balances pledged	7	3,448	1,975	1,369	1,360
Trade receivables	8	43,210	85,273	-	3,661
Other receivables	9	25,546	20,298	13,597	17,633
Current portion of loans receivable from associates	10	24,042	19,664	1,148	3,906
Inventories	11	16	18	-	-
Construction work-in-progress in excess of progress billings	12	103,914	77,809	-	-
Development properties	13	113,275	122,613	-	-
Completed properties and land held for sale	13	46,231	14,973	-	-
Total current assets		391,888	366,635	17,824	27,237
Non-current assets					
Bank balances pledged	7	414	429	-	-
Available-for-sale investment	14	-	*	-	-
Investment in associates	15	58,776	43,241	4,783	781
Investment in joint venture	15	1,360	808	-	-
Investment in subsidiaries	16	-	-	107,227	100,949
Club membership	17	42	46	42	46
Property, plant and equipment	18	89,666	79,248	398	463
Investment properties	19	35,717	36,036	24,000	24,000
Deferred tax assets	20	2,643	1,382	-	-
Other receivables	9	6,210	10,534	-	-
Loans receivable from associates	10	6,235	19,216	351	-
Total non-current assets		201,063	190,940	136,801	126,239
Total assets		592,951	557,575	154,625	153,476

* Denotes amount less than $1,000

STATEMENTS OF FINANCIAL POSITION

May 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	21	53,444	52,612	7,180	8,900
Trade payables	22	108,217	98,547	38	3,673
Other payables	23	31,441	26,101	54,412	42,528
Progress billings in excess of construction work-in-progress	12	-	41	-	-
Provision for maintenance costs	24	643	1,692	-	-
Derivative financial instruments	25	70	-	-	-
Current portion of finance leases	26	87	80	-	-
Current portion of long-term loan	27	4,050	-	-	-
Current portion of long-term borrowings	28	39,861	50,679	16,537	5,425
Current portion of financial guarantee liabilities	30	606	667	224	667
Income tax payable		5,583	3,348	-	-
Total current liabilities		244,002	233,767	78,391	61,193
Non-current liabilities					
Finance leases	26	372	385	-	-
Long-term loan	27	-	4,050	-	-
Long-term borrowings	28	147,836	123,344	15,623	29,039
Term notes	29	29,758	29,577	-	-
Financial guarantee liabilities	30	923	1,452	311	1,047
Long-term deposit	31	730	730	730	730
Deferred tax liabilities	20	273	2,066	-	-
Other payables	23	22	18	-	-
Total non-current liabilities		179,914	161,622	16,664	30,816
Capital, reserves and non-controlling interests					
Share capital	32	58,701	58,701	58,701	58,701
Currency translation reserve	33	(1,633)	(582)	-	-
Capital reserve	34	18,765	18,737	(42)	(42)
Accumulated profits		23,590	18,709	911	2,808
Equity attributable to owners of the Company		99,423	95,565	59,570	61,467
Non-controlling interests	35	69,612	66,621	-	-
Net equity		169,035	162,186	59,570	61,467
Total liabilities and equity		592,951	557,575	154,625	153,476

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended May 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	36	261,706	217,895
Cost of sales		(231,851)	(182,033)
Gross profit		29,855	35,862
Other operating income	37	9,407	6,193
Selling and distribution expenses		(2,937)	(2,264)
Administrative expenses		(25,123)	(22,825)
Other operating expenses	38	(5,266)	(5,976)
Share of results of associates and joint venture	15	14,603	11,121
Finance costs	39	(8,793)	(7,037)
Profit before tax		11,746	15,074
Income tax expense	40	(1,027)	(2,192)
Profit for the year	41	10,719	12,882
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences, representing other comprehensive (loss) income for the year		(1,849)	470
Total comprehensive income for the year		8,870	13,352
Profit attributable to:			
Owners of the Company		8,404	11,133
Non-controlling interests		2,315	1,749
		10,719	12,882
Total comprehensive income attributable to:			
Owners of the Company		7,353	11,623
Non-controlling interests		1,517	1,729
		8,870	13,352
Earnings per share			
Basic (cents)	43	1.67	2.24
Diluted (cents)	43	1.67	2.19

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Share capital $'000	Currency translation reserve $'000	Capital reserve $'000	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group							
Balance at May 31, 2014, as restated	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329
Total comprehensive income for the year:							
Income for the year	-	-	-	11,133	11,133	1,749	12,882
Other comprehensive income for the year	-	490	-	-	490	(20)	470
Total comprehensive income for the year	-	490	-	11,133	11,623	1,729	13,352
Transaction with owners, recognised directly in equity:							
Disposal of a subsidiary (Note 48)	-	-	-	-	-	(2,375)	(2,375)
Issue of shares arising from exercise of warrants (Note 32)	2,550	-	-	-	2,550	-	2,550
Deemed capital injection by non-controlling interests	-	-	-	-	-	11,300	11,300
Expenses incurred on issue of bonus warrants (Note 34)	-	-	(2)	-	(2)	-	(2)
Dividends paid (Note 42)	-	-	-	(12,299)	(12,299)	(1,559)	(13,858)
Effects of changes on shareholding on non-controlling interest arising from Dividend in Specie, net	-	-	(2,345)	-	(2,345)	11,235	8,890
Balance at May 31, 2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Share capital $'000	Currency translation reserve $'000	Capital reserve $'000	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group							
Balance at June 1, 2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186
Total comprehensive income for the year:							
Income for the year	-	-	-	8,404	8,404	2,315	10,719
Other comprehensive loss for the year	-	(1,051)	-	-	(1,051)	(798)	(1,849)
Total comprehensive income for the year	-	(1,051)	-	8,404	7,353	1,517	8,870
Transaction with owners, recognised directly in equity:							
Issue of shares arising from exercise of warrants (Note 32)	*	-	-	-	*	-	*
Acquisition of non-controlling interests in a subsidiary	-	-	28	-	28	(82)	(54)
Capital injection by non-controlling interest	-	-	-	-	-	490	490
Deemed capital injection by non-controlling interests	-	-	-	-	-	2,430	2,430
Dividends paid (Note 42)	-	-	-	(3,523)	(3,523)	(1,364)	(4,887)
Balance at May 31, 2016	58,701	(1,633)	18,765	23,590	99,423	69,612	169,035

* Denotes amount less than $1,000

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Company				
Balance at May 31, 2014	56,151	(40)	2,880	58,991
Profit for the year, representing total comprehensive income for the year	-	-	12,227	12,227
Transaction with owners, recognised directly in equity:				
Issue of shares arising from exercise of warrants (Note 32)	2,550	-	-	2,550
Expenses incurred on issue of bonus warrant (Note 34)	-	(2)	-	(2)
Dividends paid (Note 42)	-	-	(12,299)	(12,299)
Balance at May 31, 2015	58,701	(42)	2,808	61,467
Profit for the year, representing total comprehensive income for the year	-	-	1,626	1,626
Transaction with owners, recognised directly in equity:				
Issue of shares arising from exercise of warrants (Note 32)	*	-	-	*
Dividends paid (Note 42)	-	-	(3,523)	(3,523)
Balance at May 31, 2016	58,701	(42)	911	59,570

* Denotes amount less than $1,000

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

	Group 2016 $'000	Group 2015 $'000
Operating activities		
Profit before tax	11,746	15,074
Adjustments for:		
Share of results of associates and joint venture	(14,603)	(11,121)
Change in fair value of investment properties	-	(1,223)
Depreciation of property, plant and equipment	3,854	2,754
Gain on disposal of a subsidiary	(54)	(299)
Gain on dilution of equity interest in associates	(3,068)	-
Amortisation of deferred sales commission expenses	732	1,053
Amortisation of deferred show flat costs	630	315
Amortisation of financial guarantee liabilities	(642)	(865)
Amortisation of issuance costs on term notes	181	121
Allowance for doubtful trade receivables	74	128
Allowance for doubtful other receivables	354	2,859
Trade receivables written off	1	13
Other receivables written off	53	-
Allowance for diminution in value of completed properties and land held for sale	534	518
Loss on dissolution of joint development	2,911	-
Impairment loss on value of club membership	4	-
Change in fair value of foreign exchange forward contract	70	-
Property, plant and equipment written off	39	70
Gain on disposal of property, plant and equipment	(2,215)	(760)
Provision for maintenance costs	379	1,852
Interest income	(1,450)	(2,410)
Interest expense	8,793	7,037
Operating cash flows before movements in working capital	8,323	15,116
Trade receivables	40,157	(42,603)
Other receivables	(4,407)	(4,147)
Inventories	2	(18)
Construction work-in-progress in excess of progress billings	(26,105)	(45,172)
Development properties	10,381	36,845
Completed properties and land held for sale	(39,363)	(13,420)
Trade payables	11,603	51,346
Other payables	8,203	3,548
Progress billings in excess of construction work-in-progress	(41)	(449)
Utilisation of provision for maintenance costs	(1,411)	(334)
Cash generated from operations	7,342	712
Interest paid	(11,156)	(9,028)
Income tax paid	(1,890)	(966)
Net cash used in operating activities	(5,704)	(9,282)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

	Group	
	2016	2015
	$'000	$'000
Investing activities		
Proceeds on disposal of available-for-sale investment	*	-
Proceeds on disposal of property, plant and equipment	2,229	761
Purchase of property, plant and equipment (Note A)	(16,114)	(69,746)
Cash inflow arising from dissolution of joint development (Note 49)	1,031	-
Purchase of investment properties	-	(2,715)
Proceeds on disposal of an associate	-	182
Investment in associates (Note B)	(3,948)	(2,678)
Investment in joint venture	-	(9)
Acquisition of non-controlling interests in a subsidiary	(54)	-
Disposal of a subsidiary	-	(551)
Loans receivable from associates (Note B)	(4,699)	(10,156)
Repayment of loan receivable from associates	11,980	23,636
Dividend received from associates (Note B)	6,895	-
Interest received	3,948	431
Net cash from (used in) investing activities	1,268	(60,845)
Financing activities		
Drawdown of bank loans	147,406	78,132
Repayment of bank loans	(143,688)	(83,950)
Drawdown of long-term borrowings	62,041	65,152
Repayment of long-term borrowings	(37,346)	(42,986)
Loan to former joint developer	(6,000)	-
(Increase) Decrease in bank balances pledged	(1,458)	4,534
Repayment of obligations under finance leases	(78)	(156)
Proceeds from issuance of term notes	-	29,456
Net proceeds from exercise of warrants	-	2,550
Payment of warrant issuance expenses	-	(2)
Capital injection from non-controlling interests	490	-
Deemed capital injection by non-controlling interest	2,430	11,300
Dividends paid to shareholders (Note C)	(3,523)	(3,409)
Dividends paid to non-controlling interests	(1,364)	(1,559)
Net cash from financing activities	18,910	59,062
Net increase (decrease) in cash and cash equivalents	14,474	(11,065)
Cash and cash equivalents at beginning of year	21,126	31,373
Effect of foreign exchange rate changes	(3,394)	818
Cash and cash equivalents at end of year (Note 6)	32,206	21,126

* Denotes amount less than $1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $16,513,000 (2015 : $70,123,000) of which $93,000 (2015 : $207,000) was acquired under finance lease arrangements and there was an adjustment of $306,000 (2015 : $Nil) to the leasehold building. In 2015, finance cost capitalised as cost of leasehold building under construction during the financial year amounted to $170,000 at interest rates ranging from 1.94% to 2.57% per annum.

Note B

During the year, the Group made an investment in associates with an aggregate cost of $8,431,000 of which $2,402,000 was made through the capitalisation of loan due from associates and $2,081,000 was made through the capitalisation of dividend receivables due from associates.

Note C

In 2015, the Company distributed Dividend in Specie in the form of its subsidiary's share of which every fifteen shares held by each entitled shareholder will receive one subsidiary's share at a price of 26.5 cents per share amounting to $8,890,000 (Note 42). This has led to dilution of the Company's shareholdings in its subsidiary of 33,547,322 shares with cost price of 25.0 cents per share.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

1 GENERAL

The Company (Registration No. 200007107D) is incorporated in Singapore with its principal place of business and registered office at 25 Bukit Batok Street 22, TEE Building, Singapore 659591. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are investment holding and property investment and development.

The principal activities of its associates, joint venture and subsidiaries are disclosed in Notes 15 and 16 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended May 31, 2016 were authorised for issue by the Board of Directors on August 31, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On June 1, 2015, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs and amendments/improvements to FRS that are relevant to the Group and the Company were issued but not effective.

- FRS 109 *Financial Instruments* (4)
- FRS 115 *Revenue from Contracts with Customers* (4)
- FRS 116 *Leases* (5)
- Amendments to FRS 115 *Clarifications* to FRS 115 *Revenue from Contracts with Customers* (4)
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* (1)
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* (2)
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* (3)
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements* (1)
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* (1)
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (6)
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (6)
- Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (1)
- Improvements to Financial Reporting Standards (November 2014) (1)

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
(2) Applies prospectively to annual periods beginning on or after January 1, 2017, with early application permitted.
(3) Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
(4) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
(5) Applies to annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.
(6) Application has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments/improvements to FRS in future periods will not have material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets. The key requirements of FRS 109 are summarised below.

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments* (cont'd)

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue as and when the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases* (cont'd)

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

  Statements of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will be subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint venture and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28.

The accounting option must be applied by category of investments.

Amendments to FRS 16 *Property, Plant and Equipment* and Amendments to FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to FRS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 110 *Consolidated Financial Statements* and Amendments to FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures – Investments Entities: Applying the Consolidation Exception*

The amendments clarify that:

- The exemption from preparing consolidated financial statements is available to a parent entity that is subsidiary of an investment entity, even though the investment entity measures its subsidiaries at fair value in accordance with FRS 110;

- The requirement for an investment entity to consolidate a subsidiary applies only to a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services related to the investment entity parent's investment activities;

- In applying the equity method to an associate (or joint venture) that is an investment entity, a non-investment entity investor should retain the fair value measurements that the associate (or joint venture) used for its subsidiaries; and

- An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss shall present the disclosures relating to investment entities required by this FRS 112.

Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

The amendments to FRS 111 provide guidance on how to account for the acquisition of both the initial and additional interests in a joint operation that constitutes a business as defined in FRS 103 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations, in FRS 103 and other Standards should be applied, to the extent that they do not conflict with the requirements of FRS 111. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is required to disclose the relevant information required by FRS 103 and other standards for business combination

Improvements to Financial Reporting Standards (November 2014)

The following amendments apply for annual periods beginning on or after January 1, 2016.

Standard	Topic	Key amendment
FRS 107 *Financial Instruments: Disclosures*	Servicing contracts	Provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required.

Management is evaluating the potential impact of the application of the above FRSs and amendments/improvements to FRS on the financial statements of the Group and of the Company in the period of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (November 2014) (cont'd)

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to any non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and any non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition and considered as the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of the acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale investment

Certain shares held by the Group are classified as being available for sale and are stated at cost less accumulated impairment losses. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss (FVTPL) (cont'd)

- It forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other operating expenses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into a foreign exchange forward contract to manage its exposure to foreign exchange rate risk. Further details of derivative financial instrument are disclosed in Note 25 to the financial statements.

The derivative is initially recognised at fair value at the date the derivative contract is entered into and is subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

DEVELOPMENT PROPERTIES - Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within "trade receivables".

Cost of property comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Completed properties and land held for sale but remained unsold at year end are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less costs to be incurred in marketing and selling, and the anticipated costs to completion, where appropriate.

Development properties are classified as current when they are expected to be realised in, or are intended for sale in, the Group's normal operating cycle.

Show flat expenses are incurred to build a show flat before the launch of a new development property. The show flat provides potential buyers how the development property would look like when it is completed. During the construction stage, costs incurred are deferred and recognised as prepayment in the statements of financial position until the show flats are ready for use and are amortised over the marketing period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred sales commission expenses are payable to estate agents only when buyers are secured. These direct and incremental costs recoverable as a result of securing a specifically identifiable contract with a buyer are deferred and recognised as deferred commission expense in the statements of financial position. Such assets are expensed as and when the related revenue is recognised.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets (excluding freehold land) over their estimated useful lives, using the straight-line method, on the following bases:

Building on freehold land	-	2.5% to 4%
Leasehold building	-	2.7%
Leasehold improvements	-	20%
Computers	-	25% to 100%
Renovation	-	20%
Motor vehicles	-	10% to 100%
Machinery and tools	-	15% to 100%
Office equipment	-	15% to 20%

Freehold land is not depreciated.

Depreciation is also not provided on leasehold building under construction as the asset is not yet available for use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

INVESTMENT PROPERTIES - Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

CLUB MEMBERSHIP - Investment in club membership held for long-term is stated at cost less any impairment to net realisable value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES AND JOINT VENTURE - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consents of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

INTEREST IN JOINT OPERATIONS - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Construction contracts</u>

Revenue from construction contract is recognised in accordance with the Group's accounting policy on construction contracts (see above).

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Development properties</u>

Revenue from sales of development properties is recognised when risks and rewards of ownership of the real estate is transferred to the buyer, which may be:

a) on a continuous transfer basis; or
b) at a single point of time (e.g. at completion, upon or after delivery).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Development properties (cont'd)

Under (a), revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as construction progresses. Under the percentage of completion method, revenue and costs are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Under (b), where transfer of significant risks and rewards of ownership coincides with the time when the property is completed or when the development units are delivered to the purchasers, revenue is recognised upon completion of construction, and when legal title passes to the buyer or when equitable interest in the property rests with the buyer upon release of the handover notice to the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as advances from customers from sale of properties and are classified as current liabilities.

Rendering of services

Service revenue, as represented by the contract value of the services to be rendered, is recognised upon the completion of the services rendered.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Revenue from hotel operations

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and services can be reliably measured.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interest in associates and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary difference associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences as they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities for the investment properties that are measured using the fair value model, the carrying amount of such properties is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component in equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) and of borrowings are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at banks, fixed deposits, project accounts less pledged fixed deposits and bank overdrafts and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Critical judgements in applying the entity's accounting policies

The management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements other than the investigation by the Commercial Affairs Department as set out in Note 47 to the financial statements and those involving estimates as discussed below.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Percentage of completion for revenue recognition

As described in Note 2, the Group uses the stage of completion method to account for its contract revenue and contract costs arising from the sale of development properties when the transfer of significant risks and rewards of ownership occurs as construction progresses.

The stage of completion is measured based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Where there is no certification of value available, the stage of completion is based on the respective costs incurred to date as compared to the total budgeted costs of the development.

Significant judgements are required to estimate the total development contract costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work of specialists. The valuation of development properties and allowance for diminution in value, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs.

(ii) Allowances for doubtful trade and other receivables

The Group and Company make allowances for bad and doubtful debts based on on-going evaluation of collectability and aging analysis of individual receivables by reference to their past default experience. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The Group made full allowance for a deposit amounting to $3,374,000 (2015: $3,374,000) to acquire 26 plots of freehold land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia from a third party (the "Seller"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller and assessed and determined the balance may not be collectible.

In 2015, included in other receivables due from related parties is an amount of $3,750,000 due from a company in which the Group has a 10% equity interest (Note 14). The Group has assessed and determined that there is no event or changes in circumstances which indicate the balance is not collectible. The amount was settled in 2016 as disclosed in Note 9.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 8 and 9 respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iii) Loans receivable from associates

The Group and Company make allowances for bad and doubtful debts based on assessment of the recoverability of loans receivable from associates. Allowances are applied to loans receivable when events or changes in circumstances indicate that the balance may not be collectible. The identification of bad and doubtful debt requires the use of judgment and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of receivables and doubtful debts expenses in the period in which estimates has been changed. The carrying amount of the Group's and Company's loans receivable from associates is disclosed in Note 10.

(iv) Impairment of investment in associates, joint venture and subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in associates and joint venture of the Group and Company and subsidiaries of the Company.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the Group's and Company's investment in associates and joint venture and the Company's investment in subsidiaries are disclosed in Notes 15 and 16 respectively.

(v) Construction work-in-progress

The costs of uncompleted contracts are computed based on the estimates of total contract costs for the respective contracts.

Management has performed the cost studies, taking into account the costs to date and costs to complete on each contract. Management has also reviewed the status of such contracts and is satisfied that the cost estimates to complete, the total contract costs and the profitability are realistic.

Based on the above studies, the management is of the opinion that the carrying amount as at the end of the reporting period is reasonable.

The carrying amount of the Group's construction work-in-progress is disclosed in Note 12.

(vi) Valuation of investment properties

Investment properties are stated at fair value based on an independent professional valuation. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 19. The key assumptions used to determine the fair value include market-corroborated capitalisation yield, terminal yield and discount rate.

The valuer has considered valuation techniques (including income capitalisation method, discounted cash flow method and direct comparison method) in arriving at the open market value as at the end of the reporting period. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. Income capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows.

In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The carrying amounts of investment properties at the end of the reporting period are disclosed in Note 19.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(vii) Development properties, completed properties and land held for sale

Development properties, completed properties and land held for sale are stated at lower of cost and estimated net realisable value, assessed on an individual property basis. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The carrying amount of the Group's development properties and completed properties and land held for sale are disclosed in Note 13.

(viii) Provision for maintenance costs

The Group provides for maintenance costs based on management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects based on past experience.

Management is of the opinion that the provision for maintenance costs as at the end of the reporting period is reasonable.

The carrying amount of the Group's provision for maintenance costs is disclosed in Note 24.

(ix) Deferral of show flat costs

Show flat expenses are incurred to build a show flat before the launch of a new development property. The show flat provides potential buyers how the development property would look like when it is completed. During the construction stage, costs incurred are deferred in the consolidated statement of financial position until the show flats are ready for use and amortised over the marketing period.

Management reviews the marketing period, considering current market demand for property market and response from marketing activities of these development properties.

The carrying amount of deferred show flat cost is disclosed in Note 9.

(x) Deferral of sales commission expenses

Sales commission expenses are payable to estate agents only when buyers are secured. These direct and incremental costs recoverable as a result of securing a specifically identifiable contract with a buyer are deferred and recognised as deferred commission expense in the statements of financial position. Such assets are expensed when the related revenue is recognised.

The carrying amount of deferred commission expense is disclosed in Note 9.

(xi) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 40 years. Changes in the expected level of usage and technological development could impact the economic useful life and the residual value of these assets, therefore future depreciation charges could be revised.

The carrying amount of property, plant and equipment is disclosed in Note 18.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(xii) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (ie. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss.

The carrying amount of property, plant and equipment is disclosed in Note 18.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial assets				
Loans and receivables (including cash and bank balances)	134,191	177,788	18,131	26,961
Financial liabilities				
Amortised cost	412,129	384,630	94,520	90,295
Financial guarantee liabilities	1,529	2,119	535	1,714
Derivative financial instrument	70	-	-	-

Financial assets consist of cash and bank balances, trade receivables, other receivables, loans receivable from associates excluding prepayments, deferred sales commission expenses, deferred show flat costs and deposits for options to purchase properties.

Financial liabilities consist of bank loans and overdrafts, trade payables, other payables, finance leases, long-term loan, long-term borrowings, term notes, financial guarantee liabilities and long-term deposit excluding advances received from customers.

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, cash flow interest rate risk and fair value risk.

The Group uses derivative financial instruments to manage its exposure to foreign exchange rate risk such as foreign exchange forward contract to mitigate the risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Foreign exchange risk management

The Group transacts business in various foreign currencies including United States Dollar, Thai Baht, Malaysian Ringgit, New Zealand Dollar and Australian Dollar and therefore is exposed to foreign exchange risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Foreign exchange risk management (cont'd)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	-	80	2	12	-	-	-	-
Thai Baht	2,290	2,834	289	1,407	-	-	-	-
Malaysian Ringgit	-	-	13	23	-	-	13	23
New Zealand Dollar	-	-	6	7	-	-	-	-
Australian Dollar	-	-	69	47	-	-	-	-

The Group has a number of investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	United States Dollar impact		Thai Baht impact		Malaysian Ringgit impact		New Zealand Dollar impact		Australian Dollar impact	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Profit or loss	*	7	200	143	(1)	(2)	(1)	(1)	(7)	(5)
Company										
Profit or loss	-	-	-	-	(1)	(2)	-	-	-	-

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, the effect on profit or loss will be vice-versa.

* Denotes amount less than $1,000

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on cash and bank balances and borrowings. The Group obtained financing through bank loans, overdrafts and finance leases and the details of the Group's interest rate exposure is disclosed in Notes 21, 26 and 28.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended May 31, 2016 would decrease/increase by $786,000 (2015 : loss for the year would increase/decrease by $373,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate receivables and borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended May 31, 2016 would decrease/increase by $152,000 (2015 : $174,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

The Group's principal financial assets are cash and bank balances, trade and other receivables and loans receivable from associates.

The credit risk on cash and bank balances and derivative financial instruments is limited as these balances are placed with or transacted with financial institutions which are creditworthy.

The Group's credit risk is primarily attributable to its trade and other receivables and loans receivable from associates. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum amount that the Group and the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee are $102,166,000 and $83,355,000 (2015 : $79,574,000 and $166,123,000) respectively. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffered credit losses.

Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available.

As at May 31, 2016, the Company's current liabilities exceeded its current assets by $60,567,000 (2015 : $33,956,000). Management is of the view that its subsidiaries will be able to provide financial support, by way of issue of dividends, to enable the Company to meet its financial obligations as and when they fall due.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2016						
Non-interest bearing	-	140,771	-	-	-	140,771
Finance lease liability (fixed rate)	5.14	105	365	43	(54)	459
Variable interest rate instruments	3.84	95,894	142,708	14,100	(19,849)	232,853
Fixed interest rate instruments	3.67	7,758	32,229	-	(1,941)	38,046
Financial guarantee liabilities	-	101,243	923	-	(100,637)	1,529
2015						
Non-interest bearing	-	127,953	-	-	-	127,953
Finance lease liability (fixed rate)	5.31	104	366	61	(66)	465
Variable interest rate instruments	3.76	102,763	98,499	18,983	(19,146)	201,099
Fixed interest rate instruments	3.88	9,075	35,585	15,291	(4,838)	55,113
Financial guarantee liabilities	-	78,122	1,310	142	(77,455)	2,119

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Company						
2016						
Non-interest bearing	-	55,180	-	-	-	55,180
Variable interest rate instruments	3.81	17,846	7,657	9,677	(4,793)	30,387
Fixed interest rate instruments	3.32	7,297	1,925	-	(269)	8,953
Financial guarantee liabilities	-	83,044	311	-	(82,820)	535
2015						
Non-interest bearing	-	46,931	-	-	-	46,931
Variable interest rate instruments	3.42	9,011	20,893	11,444	(6,544)	34,804
Fixed interest rate instruments	3.38	6,828	2,058	-	(326)	8,560
Financial guarantee liabilities	-	165,076	1,047	-	(164,409)	1,714

The earliest period that the guarantee could be called is within 1 year (2015 : 1 year) from the end of the reporting period. The Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2016						
Non-interest bearing	-	94,868	-	-	-	94,868
Variable interest rate instruments	4.15	249	6,407	-	(656)	6,000
Fixed interest rate instruments	4.07	27,816	6,378	-	(871)	33,323
2015						
Non-interest bearing	-	135,250	7,278	-	-	142,528
Fixed interest rate instruments	4.43	23,889	12,937	-	(1,566)	35,260
Company						
2016						
Non-interest bearing	-	15,263	-	-	-	15,263
Fixed interest rate instruments	3.30	2,600	363	-	(95)	2,868
2015						
Non-interest bearing	-	21,695	-	-	-	21,695
Fixed interest rate instruments	4.33	5,494	-	-	(228)	5,266

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Fair value of financial assets and financial liabilities (cont'd)

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 21, 26, 28 and 29 and equity attributable to owners of the Company, comprising of share capital, reserves and accumulated profits. The Group is required to maintain maximum gearing in order to comply with covenants in loan agreements with banks and financial institutions.

Management also ensures that the Group maintains certain security ratios of outstanding term loans over the value of the properties in order to comply with the loan covenants imposed by banks and financial institutions.

The Group monitors capital using debt ratio as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Total debt	271,358	256,677
Total assets	592,591	557,575
Total equity	169,035	162,186
Debt-to-total assets ratio (times)	0.46	0.46
Debt-to-total equity ratio (times)	1.61	1.58

The Group's overall strategy with regards to capital risk management remains unchanged from 2015.

Breach of bank covenants

In 2015, two financial covenants relating to secured borrowings amounting to $16,951,000 of a subsidiary were not met. As a waiver of the breach of the loan covenants from the relevant lender was obtained subsequent to the end of the reporting period, the secured borrowings of $16,951,000 was reclassified from non-current liabilities to current liabilities. In the current year, such loans were reclassified back to non-current liabilities as there is no breach of bank covenant.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

		Group	
		2016	2015
		$'000	$'000
(a)	Associates and joint venture		
	Dividend income	8,976	-
	Interest income	1,310	2,339
	Purchase of investment properties	-	(1,963)
	Financial guarantee income	642	865
	Management fee income	1,154	-
	Consultancy and service income	85	139
	Provision of engineering services	274	682
(b)	Company in which a director has significant financial interest		
	Rental expenses	184	155

(c) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2016 $'000	2015 $'000
Short-term benefits	4,027	3,561
Post-employment benefits	155	130

The remuneration of directors and other members of key management are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

(d) Finance lease entered on behalf of a director

In 2015, the Group had entered into a finance lease for the purchase of a motor vehicle on behalf of a director who undertakes to repay the finance lease and the finance lease of $41,000 was not recorded into the Group's financial statements. In 2016, the finance lease had ceased.

(e) Guarantees given to related parties

No guarantees have been given except that the financial guarantee liabilities (Note 30) pertaining to the effects of fair value of corporate guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

(f) Provision of civil and structural engineering consultancy services

In 2015, an independent non-executive director of a subsidiary is a director of an entity that controls a firm which provided civil and structural engineering consultancy amounting to $34,000 to the Group.

(g) Professional fees paid to an independent non-executive director

An independent non-executive director of the Company is a partner of a firm which provided professional services amounting to $15,000 (2015 : $30,000).

5 RELATED PARTY TRANSACTIONS (cont'd)

(h) Professional fees paid to an independent non-executive director of a subsidiary

An independent non-executive director of a subsidiary is a partner of a firm which provided professional services amounting to $80,000 (2015 : $50,000).

(i) Purchase of Multicurrency Medium Term Note issued by a subsidiary by the spouse of an independent non-executive director

In 2015, the spouse of an independent non-executive director of the Group has purchased $250,000 of Multicurrency Medium Term Note ("MTN") issued by a subsidiary under the MTN Programme.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at banks	20,723	14,501	1,709	676
Cash on hand	42	68	1	1
Project accounts:				
Cash at banks	8,434	8,189	-	-
Fixed deposits	2,000	-	-	-
Fixed deposits	1,007	1,254	-	-
	32,206	24,012	1,710	677
Less: Bank overdrafts (Note 21)	-	(2,886)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	32,206	21,126	1,710	677

Fixed deposits bear average effective interest rate of 2.37% (2015 : 0.59%) per annum and for a tenure of approximately 172 days (2015 : 136 days).

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

7 BANK BALANCES PLEDGED

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Bank balances pledged	3,862	2,404	1,369	1,360
Less: Amounts receivable within 12 months (shown under current assets)	(3,448)	(1,975)	(1,369)	(1,360)
Amounts receivable after 12 months	414	429	-	-

These bank balances were pledged as security for certain bank facilities and bear average effective interest rate of 0.66% (2015 : 1.95%) per annum and for a tenure of approximately 566 days (2015 : 730 days).

8 TRADE RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Contract trade receivables	41,097	73,508	-	3,661
Retention sums	1,903	3,678	-	-
Others	210	8,087	-	-
Total	43,210	85,273	-	3,661

The credit period given to customers ranges from 14 to 45 days (2015 : 14 to 45 days). No interest is charged on the outstanding trade receivables.

Before accepting any new customer, the Group and Company assess the potential customer's credit quality and define credit limits by customer.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and rendering of services by the Group to third parties of $189,000 (2015 : $127,000). This allowance has been determined by reference to past default experience.

The Group and the Company closely monitor the credit quality of its trade receivables and consider trade receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of $1,751,000 (2015 : $1,221,000) and $Nil (2015 : $Nil) respectively which are past due at the end of the reporting period for which the Group has not made allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 174 days (2015 : 175 days).

In determining the recoverability of a trade receivable, the Group and Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Group has nine (2015 : thirteen) customers making up $22,398,000 (2015 : $17,911,000) which accounted for 51.8% (2015 : 21.0%) of the Group's trade receivables. Management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

Movements in the allowance for doubtful debts:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of the year	127	1	-	3,285
Foreign currency exchange adjustment	(13)	(1)	-	-
Amounts utilised during the year	-	(8)	-	-
Amounts written off (written back) during the year	1	7	-	(3,285)
Increase in allowance recognised in profit or loss (Note 38)	74	128	-	-
At end of the year	189	127	-	-

9 OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Associates and joint venture (Notes 5 and 15)	260	719	100	19
Subsidiaries (Note 16)	-	-	13,162	16,108
Related parties (Note 5)	1,116	4,093	-	-
Interest receivables due from associates (Notes 5 and 15)	3,962	7,655	-	1,211
Interest receivables	78	8	7	-
Deferred sales commission expenses	2,291	733	-	-
Deferred show flat costs	607	900	-	-
Prepayments	1,627	1,732	44	276
Deposits	7,062	1,337	158	19
Former joint developer	6,523	-	-	-
Joint developer	-	10,971	-	-
Loan to former joint developer	6,000	-	-	-
Advances to directors of subsidiaries (Note 5)	319	54	-	-
Outside parties	1,911	2,630	126	-
	31,756	30,832	13,597	17,633
Less: Amounts receivable within 12 months (shown under current assets)	(25,546)	(20,298)	(13,597)	(17,633)
Amounts receivable after 12 months	6,210	10,534	-	-

In determining the recoverability of other receivables, the Group and the Company consider any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

Management has assessed the credit worthiness of the other receivables and allowances have been determined by reference to past default experience.

(a) The advances to directors of subsidiaries are unsecured, interest-free and not repayable within the next twelve months.

(b) Included in other receivables due from related parties are amounts of $Nil and $1,116,000 (2015 : $3,750,000 and $343,000) which are due from a company in which Group has a 10% equity interest (Note 14) and non-controlling shareholders respectively. Both amounts are unsecured, interest-free and repayable within 12 months (2015 : repayable after 12 months). The fair value approximates its carrying amount. The amount due from related parties was settled via novation of this balance to the available-for-sale investment as disclosed in Note 14.

(c) The amounts due from outside parties are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Group of $354,000 (2015 : $Nil).

(d) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Company of $19,494,000 (2015 : $19,451,000).

9 OTHER RECEIVABLES (cont'd)

(e) In March 2010, the Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore. In 2015, the Group recognised the related assets, liabilities, income and expenses arising from the joint operation in accordance with the accounting policy as described in Note 2. In May 2016, the Group dissolved the joint development resulting in the assets and liabilities relating to The Peak @ Cairnhill I (Note 13) were fully transferred to the Group while the assets and liabilities relating to The Peak @ Cairnhill II were fully transferred to the joint developer. The carrying amount of assets and liabilities of The Peak @ Cairnhill II at the date of dissolution are disclosed in Note 49.

In 2016, loan to former joint developer (2015 : joint developer) of $6,000,000 (2015 : $Nil) is unsecured and is repayable after 12 months from the reporting date. The loan bears floating interest of 1.1% per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% per annum. The amount of $6,523,000 (2015 : $4,662,000) due from former joint developer (2015 : joint developer) is unsecured, interest-free and repayable within 12 months from the reporting date. During the year, amount due from former joint developer of $4,662,000 was written off as a result of the dissolution of joint development as disclosed in Note 49. The carrying amount approximates its fair value.

In 2015, there was an amount of $6,309,000 due from former joint developer which was unsecured, interest-free and expected to be repaid upon settlement of the final account, which was expected to be after 12 months from the last reporting date.

(f) Deferred sales commission expenses are recognised as and when revenue is recognised.

Deferred show flat costs are capitalised less amortisation over marketing period.

(g) In 2016, included in the deposits are the options for purchase of properties amounted to $2,595,000 and $3,374,000 for an option to acquire a freehold land located at 20, Lorong 35, Geylang and an option to acquire 26 plots of the land (the "Land") located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia respectively, and a refundable deposit for potential investment amounting to $3,410,000 (2015 : $Nil) which is unsecured, bear interest at 4.00% per annum, and is refunded subsequent to year end.

In 2015, included in the deposits are the options for purchase of properties amounted to $248,000 and $3,374,000 for an option to acquire the 11th floor and the penthouse of a 4-star hotel in Sydney and a deposit to acquire the Land respectively. The Group terminated the acquisition of the Land as a result of non-compliance of conditions precedent by the Seller and assessed that the balance of $3,374,000 may not be collectible and hence provided as doubtful receivable. In 2016, the management reassessed that the balance may still be uncollectible and hence remain as doubtful receivable at the end of the reporting period.

(h) The amount due from associates of $260,000 (2015 : $719,000) is unsecured, interest-free and repayable within 12 months from the reporting date.

Movements in the allowance for doubtful debts:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of the year	3,375	492	19,451	16,166
Foreign currency exchange adjustment	(2)	24	-	-
Amount written off during the year	-	-	-	-
Increase in allowance recognised in profit or loss (Note 38)	354	2,859	43	3,285
At end of the year	3,727	3,375	19,494	19,451

10 LOANS RECEIVABLE FROM ASSOCIATES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Loans receivable from associates	30,277	38,880	1,499	3,906
Less: Amounts receivable within 12 months (shown under current assets)	(24,042)	(19,664)	(1,148)	(3,906)
Amounts receivable after 12 months	6,235	19,216	351	-

Included in the Group's loans receivable from associates is an amount of $7,233,000 (2015 : $7,278,000) which is unsecured, interest-free and expected to be repaid upon completion of the development project held by an associate. The remaining amount of $23,044,000 (2015 : $31,602,000) is unsecured, bears interest which is fixed at rates ranging from 5.00% to 7.00% (2015 : 5.00% to 8.00%) per annum. The Company's loans receivable from associates of $1,499,000 (2015 : $3,906,000) is unsecured and bears interest which is fixed at 5.35% (2015 : 8.00%) per annum. Management has assessed the credit worthiness of the associates and believes that no allowance is required for the loans receivable from associates.

The fair value of the Group's and Company's loans receivable from associates approximates their carrying amounts as their interest rates approximate current market interest rates on or near the end of the reporting period.

The Group executed two deeds of subordination (the "Deeds") to secure all liabilities and indebtedness of two (2015 : two) of its associates. As a result of the Deeds, the loans receivable from associates amounting to $1,403,000 (2015 : $4,666,000) are subordinated in rank to the credit facilities granted by the banks to the associates.

11 INVENTORIES

	Group	
	2016 $'000	2015 $'000
At cost:		
Consumables	16	18

12 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2016 $'000	2015 $'000
Contract cost incurred plus recognised profits	345,235	113,846
Less: Progress billings	(241,321)	(36,078)
Net	103,914	77,768
Presented in the statements of financial position as:		
Construction work-in-progress in excess of progress billings	103,914	77,809
Progress billings in excess of construction work-in-progress	-	(41)
Net	103,914	77,768

13 DEVELOPMENT PROPERTIES

	Group 2016 $'000	Group 2015 $'000
Cost incurred plus attributable profit	179,198	151,171
Progress billings	(10,335)	(12,334)
Dissolved during the year (Note 49)	(7,572)	-
Allowance for diminution in value	(1,785)	(1,251)
Net	159,506	137,586
Presented in the statements of financial position as:		
Development properties	113,275	122,613
Completed properties and land held for sale	46,231	14,973
Total	159,506	137,586

Allowance for diminution in value

	Group $'000
Balance as at June 1, 2014	733
Charge to profit or loss (Note 38)	518
Balance as at May 31, 2015	1,251
Charge to profit or loss (Note 38)	534
Balance as at May 31, 2016	1,785

Cost of development properties comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development. These projects have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

The Group makes allowance for diminution in value taking into account estimated net realisable values of the project by reference to comparable properties, location and property market conditions.

The allowance for diminution value was made on a property due to the weakening market conditions and the slow take up rate of the property.

In May 2016, the Group dissolved the joint development and the assets and liabilities relating to The Peak @ Cairnhill I were fully transferred to the Group. The carrying amount of assets and liabilities of The Peak @ Cairnhill I at the date of dissolution are disclosed in Note 49.

13 DEVELOPMENT PROPERTIES (cont'd)

Details of the Group's development properties and completed properties and land held for sale as at May 31, 2016 are as follows:

Name of Property/location	Description	Tenure	Estimated percentage of completion	Year to be completed/ completed	Land area (sq m)	Gross floor area (sq m)	Group's interest in property
Properties in the course of development:							
31 & 31A, Harvey Avenue Singapore	2 units of 3 storey houses	Freehold	*	December 2017	1,026	1,376	63%
Hilbre 28 64, 66, 68, 70, 72 74, 76, 78 and 80 Hillside Drive, Hillside Gardens, Singapore	28 units of residential apartment	999 years leasehold from September 1, 1876	20%	December 2018	2,026	2,850	63%
183 LONGHAUS 183 Upper Thomson Road, Singapore	40 residential units and 10 commercial units	Freehold	*	October 2020	1,576	4,727	63%
Third Avenue, PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia	701 residential units and 31 commercial units	Freehold	29%	June 2018	24,085	72,257	63%
Completed properties and land held for sale:							
The Peak @ Cairnhill I, 47,49 and 51 Cairnhill Circle, Singapore	20 units of residential apartment	Freehold	100%	-	978	3,008	63%
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	37 plots of land	50 years leasehold from October 14, 2011	100%	-	6,029	-	41%

* No revenue has been recognised in respect of these development properties.

Certain development properties were pledged to banks to secure long-term borrowings granted to the Group as disclosed at Notes 21 and 28 respectively.

13 DEVELOPMENT PROPERTIES (cont'd)

Finance costs capitalised as cost of development properties during the financial year amounted to $2,448,000 (2015 : $2,901,000). The rate of interest relating to finance costs capitalised in development properties for the Group during the financial year is 2.35% to 7.60% (2015 : 1.41% to 7.60%) per annum.

14 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity shares, at cost	-	*	-	-

* Denotes amount less than $1,000

The available-for-sale investment represents a 10% equity interest in an entity incorporated in Singapore whose principal activity is investment holding. A director of the subsidiary of the Group is also a director of this entity.

This investment is classified as available-for-sale investment as the Group has no control or significant influence over this investment and is carried at cost less accumulated impairment losses as its fair value could not be reliably measured.

On March 4, 2016, the Group entered into a share sale agreement ("SSA") with Oxley China Pte. Ltd. ("Oxley") and Lian Beng (China) Pte. Ltd. ("LBC") (collectively, the "Purchasers"). Pursuant to the SSA, the Group will, in equal proportions to the Purchasers:

a) transfer its entire interest in available-for-sale investment, comprising 10% of the entire issued and paid-up share capital of available-for-sale investment, for a cash consideration of $10; and

b) novate the $3,900,000 shareholder's loan granted by the Group to the available-for-sale investment in consideration for cash repayment of the same corresponding amount. This amount is equivalent to the book value of the shares and shareholder's loan as at December 31, 2015.

The transaction was completed on March 16, 2016.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Associates				
Quoted equity shares, at cost	14,358	-	4,483	781
Unquoted equity shares, at cost	9,124	15,051	300	-
Deemed cost of investment	5,766	5,792	-	-
Share of post-acquisition reserves, net of dividend received	29,528	22,398	-	-
Total	58,776	43,241	4,783	781
Joint venture				
Unquoted equity shares, at cost	9	9	-	-
Share of post-acquisition reserves, net of dividend received	1,351	799	-	-
Total	1,360	808	-	-

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Deemed cost of investment pertains to the effects of fair value of financial guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

Management had performed an impairment review on the investment of associates and no impairment loss is recognised during the financial year based on the higher of fair value less cost to sell and value in use.

Details of the Group's significant associates and joint venture at May 31, 2016 are as follows:

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2016 %	2015 %
Associates			
Unique Development Pte. Ltd. ("UDPL") Singapore (3) (5)	Development of real estate	13	13
Unique Realty Pte. Ltd. ("UREL") Singapore (3) (5)	Development of real estate	13	13
Residenza Pte. Ltd. ("RPL") Singapore (3) (5)	Development of real estate	20	20
Unique Consortium Pte. Ltd. ("UCPL") Singapore (1) (5)	Development of real estate	13	13
Development 26 Pte. Ltd. ("D26") Singapore (3) (5)	Development of real estate	28	28
Chewathai Public Company Limited ("CWL") (Formerly known as *Chewathai Limited*) Thailand (2) (5) (6)	Development of real estate	20	31
Global Environmental Technology Co., Ltd. ("GETCO") Thailand (2)	Wastewater treatment	49	49
CMTE Technology Sdn. Bhd. ("CMTE") (Formerly known as *CMC Communication Sdn. Bhd.*) Malaysia (3)	Telecommunications engineering	50	50
CMC Infocomm Limited("CMCI") Singapore (3) (6)	Telecommunications engineering	42	-

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2016	2015
		%	%
Joint venture			
TEE-HC Engineering Company Limited Macao [4]	Provision of mechanical and electrical engineering	55	55

(1) Audited by Deloitte & Touché LLP, Singapore for equity accounting purposes for Group consolidation.
(2) Audited by another firm of auditors, Ernst & Young Office Limited, Thailand for equity accounting purposes for Group consolidation.
(3) Audited by another firm of auditors, Ernst & Young LLP, Singapore for equity accounting purposes for Group consolidation.
(4) Audited by another firm of auditors, KPMG, Macao for equity accounting purposes for Group consolidation.
(5) Held by a subsidiary, TEE Land Limited (Note 16).
(6) Listed on the Stock Exchange of its respective country of incorporation. Pursuant to the associates' listing, the interest in these associates were diluted resulting in a gain on dilution of equity interest in associates of $3,068,000 (Note 37) and reclassification of cumulative translation differences amounting to $227,000 from equity to profit or loss.

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

As at May 31, 2016, the fair value of quoted equity shares of Chewthai Public Company Limited and CMC Infocomm Limited, is Thai Baht ("THB") 384,982,000 (equivalent to $14,899,000) and $5,120,000 respectively, based on quoted bid prices in an active market.

The Group has not recognised its share of losses amounting to $265,000 (2015 : $311,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $583,000 (2015 : $318,000).

Summarised financial information in respect of the Group's associates and joint venture is set out below:

	Group	
	2016 $'000	2015 $'000
Total assets	624,065	678,724
Total liabilities	(436,693)	(554,761)
Net assets	187,372	123,963
Group's share of associates' and joint venture's net assets	54,370	38,257
Revenue	236,717	271,464
Profit for the financial year	49,658	41,303
Group's share of associates' and joint venture's results for the financial year	14,603	11,121

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

The summarised financial information below represents amounts shown in the associates' and joint venture's financial statements prepared in accordance with FRSs and includes adjustments by the Group to align with the Group's accounting policy for equity accounting purposes. Summarised and reconciliation of the financial information in respect of each of the Group's material associates and joint venture is set out below.

Summarised statement of financial position

2016

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMCI $'000	Individually immaterial associates $'000	Total $'000	TEE-HC Engineering $'000	Total $'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	20%	49%	42%	13-50%		55%	
Current assets	24,411	33,477	17,331	1,304	14,041	106,996	6,789	17,328	198,035	419,712	4,488	424,200
Non-current assets	-	-	-	139,634	-	19,525	8,467	4,367	27,872	199,865	-	199,865
Current liabilities	(3,926)	(12,574)	(2,242)	(13)	(6,012)	(67,958)	(3,372)	(9,121)	(70,544)	(175,762)	(2,015)	(177,777)
Non-current liabilities	(3,196)	(2,322)	(7,256)	(91,894)	-	(12,595)	(3,652)	(575)	(137,426)	(258,916)	-	(258,916)
Net assets	17,289	18,581	7,833	49,031	8,029	45,968	8,232	11,999	17,937	184,899	2,473	187,372
Group's share of net assets	3,458	3,716	2,507	9,806	3,613	15,925	4,034	5,053	4,481	52,593	1,360	53,953
Deemed cost of investment	1,054	610	201	691	300	1,185	-	-	1,725	5,766	-	5,766
Other adjustments	-	-	-	-	-	-	-	178	239	417	-	417
Carrying amount of the group's interest in associate and joint venture	4,512	4,326	2,708	10,497	3,913	17,110	4,034	5,231	6,445	58,776	1,360	60,136

Summarised statement of profit or loss and comprehensive income

2016

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMCI $'000	Individually immaterial associates $'000	Total $'000	TEE-HC Engineering $'000	Total $'000
Revenue	-	58,812	22,798	-	9,369	75,317	6,967	18,217	15,559	207,039	29,678	236,717
Profit (Loss) for the year	(2,757)	7,156	2,606	24,584	4,504	12,322	1,022	(1,498)	775	48,714	944	49,658

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of financial position

2015

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMTE $'000	Individually immaterial associates $'000	Total $'000	TEE-HC Engineering $'000	Total $'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	31%	49%	50%	13-28%		55%	
Current assets	66,802	96,816	33,160	2,976	32,925	111,169	8,154	11,670	153,935	517,607	6,883	524,490
Non-current assets	-	-	-	105,497	1	20,310	9,377	4,874	14,175	154,234	-	154,234
Current liabilities	(32,293)	(10,550)	(22,782)	(926)	(2,165)	(35,246)	(3,745)	(4,423)	(38,246)	(150,376)	(5,414)	(155,790)
Non-current liabilities	(14,463)	(74,841)	(5,151)	(83,100)	(20,708)	(70,061)	(4,753)	(7,607)	(118,287)	(398,971)	-	(398,971)
Net assets	20,046	11,425	5,227	24,447	10,053	26,172	9,033	4,514	11,577	122,494	1,469	123,963
Group's share of net assets	4,009	2,285	1,673	4,890	4,524	10,148	4,426	2,257	2,777	36,989	808	37,797
Deemed cost of investment	1,070	610	200	690	312	1,185	-	-	1,725	5,792	-	5,792
Other adjustments	-	-	-	-	-	-	-	-	460	460	-	460
Carrying amount of the group's interest in associate and joint venture	5,079	2,895	1,873	5,580	4,836	11,333	4,426	2,257	4,962	43,241	808	44,049

Summarised statement of profit or loss and comprehensive income

2015

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMTE $'000	Individually immaterial associates $'000	Total $'000	TEE-HC Engineering $'000	Total $'000
Revenue	62,108	92,825	27,763	-	20,803	20,294	5,980	16,328	3,659	249,760	21,704	271,464
Profit (Loss) for the year	3,397	7,334	3,228	20,200	2,918	1,792	958	(249)	295	39,873	1,430	41,303

16 INVESTMENT IN SUBSIDIARIES

	Company 2016 $'000	2015 $'000
Quoted equity shares, at cost	70,636	70,582
Unquoted equity shares, at cost	35,846	29,722
Deemed cost of investment	2,256	2,156
Impairment loss	(1,511)	(1,511)
Net	107,227	100,949

Deemed cost of investment pertains to the effects of fair value of financial guarantees on initial recognition provided by the Company on behalf of its subsidiaries for the granting of banking facilities.

Management had performed an impairment review on the investment of subsidiaries and is of the view that no impairment is required during the financial year based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

Details of the Company's significant subsidiaries at May 31, 2016 are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held 2016 %	2015 %
Trans Equatorial Engineering Pte. Ltd. Singapore (1)	Provision of mechanical and electrical engineering services	100	100
PBT Engineering Pte. Ltd. Singapore (1)	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100	100
TEE Land Limited Singapore (1)	Development of real estate and investment holding	63.24	63.18
TEE E&C (Malaysia) Sdn. Bhd. (Formerly known as *TEE M&E Engineering Sdn. Bhd.*) Malaysia (2)	Provision of mechanical and electrical engineering services	100	100

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by another firm of auditors, Deloitte & Touche LLP, Malaysia

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

The Company undertakes to provide financial support to certain subsidiaries with net current liabilities to ensure that subsidiaries can meet their contractual obligations when they fall due.

16 INVESTMENT IN SUBSIDIARIES (cont'd)

Information about the composition of wholly-owned and non wholly-owned subsidiaries of the Group as at May 31, 2016 and 2015 is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		Number of non wholly-owned subsidiaries	
		2016	2015	2016	2015
Mechanical and electrical engineering services	Singapore, Malaysia, Hong Kong, Brunei, Vietnam	11	12	-	1
Development of real estates	Singapore, Malaysia, New Zealand, Australia	-	-	24	23
Infrastructure and wastewater treatment	Singapore, Thailand, Philippines, Cambodia	5	3	3	3

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and operation	Effective equity interest and voting power held by non-controlling interest		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016 %	2015 %	2016 $'000	2015 $'000	2016 $'000	2015 $'000
TEE Land Limited	Singapore	36.76	36.82	2,377	1,527	70,976	67,968
Individually immaterial subsidiaries with non-controlling interest				(62)	222	(1,364)	(1,347)
				2,315	1,749	69,612	66,621

The summarised financial information of TEE Land Limited and its subsidiaries on a 100% basis is set out below:

	2016 $'000	2015 $'000
Current assets	242,085	226,813
Non-current assets	163,871	158,277
Current liabilities	71,625	87,427
Non-current liabilities	162,863	130,581
Equity attributable to owners of the company	158,009	155,959

16 INVESTMENT IN SUBSIDIARIES (cont'd)

	2016 $'000	2015 $'000
Revenue for the year	34,889	60,157
Expenses	(27,877)	(51,181)
Profit for the year	7,012	8,976
Profit attributable to:		
Owners of the company	7,331	11,086
Non-controlling interests	(319)	(2,110)
Profit for the year	7,012	8,976
Other comprehensive (loss) income attributable to:		
Owners of the company	(1,572)	121
Non-controlling interests	(265)	6
Other comprehensive (loss) income for the year	(1,837)	127
Total comprehensive income attributable to:		
Owners of the company	5,759	11,207
Non-controlling interests	(584)	(2,104)
Total comprehensive income for the year	5,175	9,103
Net cash outflow used in operating activities	(1,488)	(1,825)
Net cash outflow used in investing activities	(1,386)	(60,111)
Net cash inflow from financing activities	10,392	53,758
Net cash inflow (outflow)	7,518	(8,178)

17 CLUB MEMBERSHIP

	Group and Company	
	2016 $'000	2015 $'000
Club membership, at cost	73	73
Impairment loss	(31)	(27)
Net	42	46

Management had performed an impairment review on the club membership based on its estimated fair value less cost to sell and this led to impairment loss of $4,000 (2015 : $Nil) recognised during the financial year.

18 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings on freehold land $'000	Leasehold building under construction $'000	Leasehold building $'000	Leasehold improvements $'000	Computers $'000	Renovation $'000	Motor vehicles $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group											
Cost:											
At June 1, 2014	36	-	10,315	-	204	847	575	3,636	1,353	612	17,578
Foreign currency exchange adjustment	2	-	-	-	10	(1)	(85)	(15)	8	(17)	(98)
Additions	10,816	36,050	12,283	-	-	849	1,353	201	12	8,559	70,123
Disposals	-	-	-	-	-	(75)	-	(890)	(1)	-	(966)
Write-offs	-	-	-	-	-	(45)	(127)	-	(2)	(28)	(202)
At May 31, 2015	10,854	36,050	22,598	-	214	1,575	1,716	2,932	1,370	9,126	86,435
Reclassification	-	-	(22,598)	22,598	-	-	-	-	-	-	-
Foreign currency exchange adjustment	(363)	(1,206)	-	-	(8)	(11)	(127)	(40)	(6)	(293)	(2,054)
Additions	-	14,991	-	69	25	116	24	179	1	1,108	16,513
Adjustment	-	-	-	(306)	-	-	-	-	-	-	(306)
Disposals	-	-	-	-	-	(4)	(157)	(1,716)	(1,126)	(45)	(3,048)
Write-offs	-	-	-	-	-	(21)	(201)	(210)	(10)	(37)	(479)
At May 31, 2016	10,491	49,835	-	22,361	231	1,655	1,255	1,145	229	9,859	97,061
Accumulated depreciation:											
At June 1, 2014	-	-	-	-	200	603	506	2,878	1,148	293	5,628
Foreign currency exchange adjustment	-	(38)	-	-	9	-	(15)	(8)	8	(54)	(98)
Depreciation	-	574	-	-	1	211	365	561	200	842	2,754
Disposals						(75)	-	(890)	-	-	(965)
Write-offs	-	-	-	-	-	(45)	(70)	-	(2)	(15)	(132)
At May 31, 2015	-	536	-	-	210	694	786	2,541	1,354	1,066	7,187
Foreign currency exchange adjustment	-	(40)	-	-	(7)	(2)	(39)	(27)	(7)	(50)	(172)
Depreciation	-	1,224	-	642	1	391	286	117	6	1,187	3,854
Disposals	-	-	-	-	-	(3)	(152)	(1,716)	(1,126)	(37)	(3,034)
Write-offs	-	-	-	-	-	(19)	(168)	(210)	(10)	(33)	(440)
At May 31, 2016	-	1,720	-	642	204	1,061	713	705	217	2,133	7,395
Carrying amount:											
At May 31, 2016	10,491	48,115	-	21,719	27	594	542	440	12	7,726	89,666
At May 31, 2015	10,854	35,514	22,598	-	4	881	930	391	16	8,060	79,248

18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detail of the Group's properties are as follow:

Address of properties	Tenure of properties	Term of lease	Remaining term of lease	Existing use
25 Bukit Batok Street 22, TEE Building, Singapore 659591	Leasehold	From May 1, 1992 to April 30, 2052	36 years	Office and rental
2-14 Kings Cross Road, Potts Point, NSW 111, Australia	Freehold	Not applicable	Not applicable	Hotel operations
33 Levey Street, Wolli Creek Sydney, NSW 2205, Australia	Freehold	Not applicable	Not applicable	Hotel operations

The carrying amount of the Group's motor vehicles includes an amount of $352,000 (2015 : $387,000) which are held under finance leases (Note 26).

The Group's freehold land, buildings on freehold land and leasehold building of $79,513,000 (2015 : $55,529,000) is pledged to bank to secure facilities granted to the Group (Note 28).

In 2015, finance costs capitalised as cost of property under construction during the financial year amounted to $170,000 at interest rate ranging from 1.94% to 2.57% per annum. No finance costs capitalised during the financial year.

	Computers $'000	Renovation $'000	Office equipment $'000	Total $'000
Company				
Cost:				
At June 1, 2014	37	7	6	50
Additions	451	-	15	466
Disposals	-	(7)	(6)	(13)
At May 31, 2015	488	-	15	503
Additions	1	-	123	124
At May 31, 2016	489	-	138	627
Accumulated depreciation:				
At June 1, 2014	10	1	1	12
Depreciation	30	1	2	33
Disposals	-	(2)	(3)	(5)
At May 31, 2015	40	-	-	40
Depreciation	163	-	26	189
At May 31, 2016	203	-	26	229
Carrying amount:				
At May 31, 2016	286	-	112	398
At May 31, 2015	448	-	15	463

19 INVESTMENT PROPERTIES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At fair value:				
At beginning of the year	36,036	33,120	24,000	23,000
Changes in fair value included in profit or loss (Note 37)	-	1,223	-	1,000
Additions	-	2,715	-	-
Foreign currency exchange adjustments	(319)	(1,022)	-	-
At end of the year	35,717	36,036	24,000	24,000

As at May 31, 2016 and 2015, the Group's and Company's investment properties are stated at estimated fair value based on valuation carried out by independent professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuations were performed in accordance with International Valuation Standards.

The investment properties were pledged to a bank to secure long-term borrowings granted to the Group and the Company (Note 28).

The property rental income from the Group's and Company's investment properties, which are leased out under operating leases, amounted to $3,355,000 (2015 : $3,560,000) and $1,957,000 (2015 : $1,946,000) respectively. The direct operating expenses (including repairs and maintenance) arising from the Group's and Company's rental-generating investment properties, amounted to $728,000 (2015 : $758,000) and $210,000 (2015 : $201,000) respectively. As at the end of the reporting period, a tenant of one of the investment properties had early vacated the premises and terminated the lease with the Company. The Company is currently negotiating the rental deposit refund (Note 31) and compensation for early lease termination. As the amount and outcome is uncertain, no income is recognised.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at May 31, 2016 and 2015, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The investment properties held by the Group as at May 31, 2016 and 2015 are as follow:

Name of property	Location	Description	Tenure
Nordam 33 Changi North Crescent	Singapore	4-storey purpose-built factory building with ancillary offices	30 years from 2006
Workotel 19 Main South Road Upper Riccarton, Christchurch	New Zealand	109 cabins and 4 houses for providing rental accommodation	Freehold
Thistle Guesthouse 21 Main South Road Upper Riccarton, Christchurch	New Zealand	10 bedrooms and 1 ground floor apartment and an attached sleep-out for providing rental accommodation	Freehold
Chewathai Ratchaprarop Condominium, No.11 Ratchaprarop Road Makkasan Sub-district, Ratchathewi District, Bangkok	Thailand	3 condominium apartment units for providing rental accommodation	Freehold

19 INVESTMENT PROPERTIES (cont'd)

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at May 31, 2016 and 2015 are as follows:

Investment properties	Fair value 2016 $'000	Fair value 2015 $'000	Valuation methodology	Significant unobservable inputs (Level 3)	Range 2016	Range 2015
Singapore	24,000	24,000	Direct comparison method	Price per square meter of gross floor area[1]	$2,000 - $2,100	$2,200 - $2,800
New Zealand	9,754	10,073	Income capitalisation method	Occupancy turnover [1]	-	93%
				Turnover [1]	-	$32,000/week
				Operating income [1]	-	$20,000/week
				Net operating income margin [1]	-	50%
				Capitalisation rate [2]	-	10% - 11%
			Discounted cash flow method	Discount rate [2]	11.00%	12.09%
				Terminal yield rate [2]	-	9.90%
			Direct comparison method	Price per square meter of gross floor area [1]	$300 - $400	-
Thailand	1,963	1,963	Direct comparison method	Price per square meter of gross floor area [1]	$3,500 - $6,000	$5,000 - $6,000
			Income capitalisation method	Occupancy turnover [1]	90.00%	-
				Turnover [1]	$2,600/week	-
				Operating income [1]	$2,300/week	-
				Net operating income margin [1]	90.00%	-
				Capitalisation rate [2]	6.00%	-
	35,717	36,036				

(1) Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.
(2) Any significant isolated decrease (increase) in this input would result in a significantly (higher) lower fair value measurement.

20 DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and Company, and movements thereon during the year:

Deferred tax assets

	Provisions $'000	Tax losses $'000	Total $'000
Group			
At June 1, 2014	16	97	113
Credit to profit or loss for the year (Note 40)	34	1,292	1,326
Foreign currency exchange adjustment	-	(57)	(57)
At May 31, 2015	50	1,332	1,382
Credit to profit or loss for the year (Note 40)	(50)	1,362	1,312
Foreign currency exchange adjustment	-	(51)	(51)
At May 31, 2016	-	2,643	2,643

Deferred tax liabilities

	Recognition of profits from properties under development $'000	Accelerated tax depreciation $'000	Total $'000
Group			
At June 1, 2014	1,043	41	1,084
Charge to profit or loss for the year (Note 40)	976	13	989
Foreign currency exchange adjustment	(7)	-	(7)
At May 31, 2015	2,012	54	2,066
Credit to profit or loss for the year (Note 40)	(1,800)	9	(1,791)
Foreign currency exchange adjustment	(2)	-	(2)
At May 31, 2016	210	63	273

21 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Secured				
- Bank loans	6,895	18,956	3,780	4,500
- Bills payable	20,850	2,110	-	-
	27,745	21,066	3,780	4,500
Unsecured				
- Bank loans	13,393	16,688	3,400	4,400
- Bills payable	12,306	11,972	-	-
- Bank overdrafts	-	2,886	-	-
	25,699	31,546	3,400	4,400
Total	53,444	52,612	7,180	8,900

The following outstanding balances are secured with the following:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Secured with:				
Development properties	-	10,000	-	-
Shares of a subsidiary	3,780	4,500	3,780	4,500
Trade receivables	22,350	6,566	-	-
Pledge over fixed deposit	1,615	-	-	-
Total	27,745	21,066	3,780	4,500

The effective interest rate on the outstanding balances ranges from 3.11% to 5.50% (2015 : 2.22% to 5.95%) per annum.

22 TRADE PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Subsidiaries (Note 16)	-	-	-	3,661
Contract trade payables	90,545	88,588	-	12
Retention payables	17,216	9,959	-	-
Others	456	-	38	-
Total	108,217	98,547	38	3,673

The credit period granted by suppliers ranged from 30 to 90 days (2015 : 30 to 90 days). No interest is charged on the outstanding balance.

Retention payables are classified as current as they are expected to be settled within the Group's normal operating cycle.

23 OTHER PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Subsidiaries (Note 16)	-	-	53,378	41,273
Related parties (Note 5)	87	272	55	-
Associates (Notes 5 and 15)	1,754	2,818	3	-
Non-controlling shareholder	2,939	2,174	-	-
Accrued expenses	6,158	4,003	886	993
Accrued interest expense	1,419	1,351	55	91
Rental and security deposits	1,575	965	-	-
Former joint developer	8,440	-	-	-
Joint developer	-	10,211	-	-
Advances received from customers	3,689	1,493	-	-
Other payables	5,402	2,832	35	171
	31,463	26,119	54,412	42,528
Less: Amounts payable within 12 months (shown under current liabilities)	(31,441)	(26,101)	(54,412)	(42,528)
Amounts payable after 12 months	22	18	-	-

The amounts due to subsidiaries, associates, related parties and non-controlling shareholder are unsecured, interest-free and repayable on demand.

Included in the amount due to former joint developer ("JD") (2015 : amount due to joint developer) is an agreed amount payable to the JD of $7,650,000 (2015 : $8,185,000) as the Group recognises the enhanced value that the JD brings to the joint development and of the JD's effort in facilitating the joint development. The amount due to the fomer JD (2015 : amount due to JD) is unsecured, interest-free and repayable on demand. The remaining amount of $790,000 (2015 : $2,026,000) is unsecured, interest-free and repayable on demand.

24 PROVISION FOR MAINTENANCE COSTS

	Group	
	2016 $'000	2015 $'000
At beginning of the year	1,692	174
Charge to profit or loss for the year	379	1,852
Utilised	(1,411)	(334)
Foreign currency exchange adjustment	(17)	-
At end of the year	643	1,692

The provision for maintenance costs expense charged to profit or loss is included under cost of sales.

The provision for maintenance costs represents management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2016 $'000	Group 2015 $'000
Foreign exchange forward contracts	70	-

The Group utilises the foreign exchange forward contracts to manage the exposure to foreign exchange rate changes.

At the end of the reporting period, the total notional amount of outstanding foreign exchange forward contracts to which the Group is committed are as follows:

	Group 2016 $'000	Group 2015 $'000
Sell Singapore Dollar buy Malaysian Ringgit	12,000	-

Change in the fair value of foreign exchange forward contracts amounting to $70,000 has been charged to profit or loss in the year (2015 : $Nil) (Note 38). The fair value measurement of the foreign exchange forward contracts is classified within Level 2 of the fair value hierarchy.

Subsequent to the end of the reporting period, the foreign exchange forward contracts have been terminated in July 2016.

26 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amounts payable under finance leases:				
Within one year	105	104	87	80
In the second to fifth years inclusive	365	366	331	326
After five years	43	61	41	59
	513	531	459	465
Less: Future finance charges	(54)	(66)	-	-
Present value of lease obligations	459	465	459	465
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(87)	(80)
Amounts due for settlement after 12 months			372	385

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 6 years (2015 : 6 years). For the year ended May 31, 2016, the average effective borrowing rate was 5.14% (2015 : 5.31%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into our contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 18).

27 LONG-TERM LOAN

The unsecured long-term loan is repayable to a former joint developer (2015 : joint developer), to be repaid upon settlement of final account which is within twelve months (2015 : repayable after twelve months) from the end of the reporting period. No interest is charged on the outstanding balance. The fair value of the long-term loan approximates its carrying amount.

28 LONG-TERM BORROWINGS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Borrowings	187,697	174,023	32,160	34,464
Less: Current portion due within 12 months	(39,861)	(33,728)	(16,537)	(5,425)
Long term borrowings reclassified as current due to breach of bank covenants (see Note 4)	-	(16,951)	-	-
Amounts due for settlement after 12 months	147,836	123,344	15,623	29,039
Secured	170,517	155,835	14,980	16,275
Unsecured	17,180	18,188	17,180	18,189
Total	187,697	174,023	32,160	34,464

The following outstanding balances are secured with the following:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Secured with:				
Development properties	97,114	88,458	-	-
Investment properties	20,135	21,887	14,980	16,275
Leasehold building	13,970	13,064	-	-
Buildings on freehold land	39,298	32,426	-	-
Total	170,517	155,835	14,980	16,275

The Group and Company have eighteen (2015 : seventeen) and nine (2015 : seven) principal bank loans respectively.

The Group's and Company's long-term borrowings bear interest at rates ranging from 2.17% to 7.60% (2015 : 1.41% to 7.60%) per annum. The directors estimate the fair value of the Group's and Company's long-term borrowings to approximate the carrying amount and interest rates to approximate current market interest rates on or near the end of the reporting period.

On July 6, 2012, the Group executed a deed of subordination (the "Deed") to secure all liabilities and indebtedness of one of its subsidiaries, TEE Resources Sdn Bhd. The Deed is in line with the credit facilities of an aggregate principal amount of up to Malaysian Ringgit ("RM") 87,500,000 (equivalent to $29,330,000) (2015 : RM110,000,000 (equivalent to $40,458,000)) granted to TEE Resources Sdn Bhd by Malaysia Building Society Berhad.

29 TERM NOTES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Notes issued under MTN Programme, net of issuance cost	29,758	29,577	-	-

The Company and Group have in place $350 million and $600 million Multicurrency Medium Term Note Programme ("MTN Programme") respectively under which they can issue notes in series or tranches and may be denominated in Singapore dollars or other currency deemed appropriate at the time.

On October 27, 2014, the Group had completed the issuance of $30 million of Senior Unsecured Fixed Rate Notes (the "Notes") with tenure of 3 years under the MTN Programme. The Notes are unsecured, bear a fixed interest rate of 6.50% per annum payable semi-annually in arrears. The Notes will mature on October 27, 2017.

As at May 31, 2016, the fair value of term notes is $24,500,000 (2015 : $24,438,000) based on a quoted bid price and is classified as Level 1 of the fair value hierarchy.

30 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial guarantee liabilities	1,529	2,119	535	1,714
Less: Amounts shown under current liabilities	(606)	(667)	(224)	(667)
Amounts shown under non-current liabilities	923	1,452	311	1,047

Financial guarantee liabilities pertain to the effects of fair value of corporate guarantee on initial recognition provided by the Group and Company on behalf of associates and subsidiaries to obtain banking facilities, less amortisation.

31 LONG-TERM DEPOSIT

Long-term deposit is for the lease of premises located at 33 Changi North Crescent, Singapore (Note 19) for a period of 10 years from 2007. As at the end of the reporting period, the tenant had early vacated the premises and terminated the lease with the Company. The Company is currently negotiating the rental deposit refund, and the negotiation is not expected to be finalised within 12 months from the end of the reporting period. The fair value of the long-term deposit approximates its carrying amount.

32 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of the year	503,222,297	493,025,721	58,701	56,151
Issue of shares arising from exercise of warrants	336	10,196,576	*	2,550
At end of the year	503,222,633	503,222,297	58,701	58,701

* Denotes amount less than $1,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

The Company issued 336 (2015 : 10,196,576) new ordinary shares upon the exercise of warrants with an exercise price of 25.0 cents per ordinary share.

33 CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

34 CAPITAL RESERVE

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At beginning of the year	18,737	21,084	(42)	(40)
Expenses incurred on issue of bonus warrant	-	(2)	-	(2)
Acquisition of non-controlling interests in a subsidiary	28	-	-	-
Effect of changes on shareholding on non-controlling interest arising from Dividend in Specie, net	-	(2,345)	-	-
At end of the year	18,765	18,737	(42)	(42)

35 NON-CONTROLLING INTERESTS

Included in non-controlling interests is an amount of $13,730,000 (2015 : $11,300,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of the subsidiary.

36 REVENUE

	Group	
	2016 $'000	2015 $'000
Revenue from construction contracts	221,391	151,581
Sale of goods	274	681
Sale of development properties – percentage of completion	21,416	53,993
Rental income	5,525	5,715
Hotel operations	10,869	4,549
Consultancy and service income	2,231	1,376
Total	261,706	217,895

37 OTHER OPERATING INCOME

	Group	
	2016 $'000	2015 $'000
Interest income arising from:		
Fixed deposits	140	71
Associates (Notes 5 and 15)	1,310	2,339
Gain on disposal of a subsidiary (Note 48)	54	299
Change in fair value of investment properties (Note 19)	-	1,223
Gain on disposal of property, plant and equipment	2,215	760
Amortisation of financial guarantee liabilities	642	865
Management fees income	1,169	18
Government grant	280	184
Gain on dilution of equity interest in associates (Note 15)	3,068	-
Others	529	434
Total	9,407	6,193

38 OTHER OPERATING EXPENSES

	Group	
	2016 $'000	2015 $'000
Foreign currency exchange adjustment loss	1,226	2,398
Property, plant and equipment written off	39	70
Allowance for doubtful other receivables (Note 9)	354	2,859
Allowance for doubtful trade receivables (Note 8)	74	128
Other receivables written off	53	-
Other receivables written back	-	(10)
Trade receivables written off	1	13
Allowance for diminution in value on completed properties and land held for sale (Note 13)	534	518
Loss on dissolution of joint development (Note 49)	2,911	-
Impairment loss on club membership (Note 17)	4	-
Change in fair value of foreign exchange forward contract (Note 25)	70	-
Total	5,266	5,976

39 FINANCE COSTS

	Group	
	2016 $'000	2015 $'000
Interest on bank loans and overdrafts	11,217	10,081
Interest on obligations under finance leases	24	27
Total borrowing costs	11,241	10,108
Less: Amounts included in the cost of development properties, completed properties and land held for sale and property, plant and equipment (Notes 13 and 18)	(2,448)	(3,071)
Net	8,793	7,037

40 INCOME TAX EXPENSE

	Group	
	2016 $'000	2015 $'000
Current:		
- On the profit for the year	3,968	2,794
- Adjustment in respect of prior years	(502)	(321)
- Withholding tax expense	664	56
Deferred (Note 20):		
- Adjustment in respect of prior years	9	(1)
- Credit for the year	(3,112)	(336)
	1,027	2,192

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2016 $'000	2015 $'000
Profit before tax	11,746	15,074
Less: Share of results of associates and joint venture (Note 16)	(14,603)	(11,121)
	(2,857)	3,953
Tax at the domestic income tax rate of 17% (2015 : 17%)	(486)	672
Tax effect of income that are not taxable in determining taxable profit	844	1,765
Deferred tax benefits not recognised	832	1,739
Deferred tax benefits previously not recognised now utilised	(117)	(194)
Withholding tax expense	664	56
Overprovision of income tax in prior years	(502)	(321)
Under (Over) provision of deferred tax in prior years	9	(1)
Effect of different tax rates of overseas operations	38	(1,126)
Exempt income and tax rebate	(267)	(245)
Others	12	(153)
	1,027	2,192

40 INCOME TAX EXPENSE (cont'd)

Deferred tax assets have not been recognised as follows:

	Group	
	2016	2015
	$'000	$'000
Tax losses		
Amount at beginning of year	39,886	31,111
Adjustment in respect of prior years	(8,342)	(565)
Tax losses for the year	4,840	10,483
Utilised during the year	(599)	(1,143)
Amount at end of year	35,785	39,886
Other temporary differences		
Amount at beginning of year	592	63
Adjustment in respect of prior years	156	786
Amount during the year	56	(257)
Utilised during the year	(92)	-
Amount at end of year	712	592
Total	36,497	40,478
Deferred tax assets at 17% (2015 : 17%) not taken up in the financial statements	6,204	6,881

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and temporary differences available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

41 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2016 $'000	2015 $'000
Directors' remuneration:		
Directors of the Company	2,269	2,140
Directors of the subsidiaries	1,988	1,845
Employee benefits expense (including directors' remuneration)	28,956	25,634
Costs of defined contribution plans included in employee benefits expense	1,547	1,266
Cost of development properties recognised as cost of sales	16,801	38,270
Audit fees:		
Auditors of the Company		
- current year	392	395
Other auditors		
- current year	206	113
- adjustment in respect of prior year	(5)	11
Non-audit fees:		
Auditors of the Company		
- current year	77	66
- adjustment in respect of prior year	10	2
Other auditors		
- current year	13	6

Retirement Benefit Obligations

The employees of TEE International Limited and certain of its subsidiaries are members of state-managed retirement benefit plans. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As at May 31, 2016, contributions of $207,000 (2015 : $111,000) due in respect of current financial year had not been paid over to the plans.

42 DIVIDENDS

	Group and Company 2016 $'000	2015 $'000
Tax-exempt one-tier final and special dividend paid in respect of previous year		
Cash	2,768	2,506
Tax-exempt one-tier interim dividend paid in respect of current year		
Cash	755	903
In Specie	-	8,890
	3,523	12,299

Subsequent to the end of the reporting period, the directors of the Company recommended a final tax exempt dividend of 0.18 cents per ordinary share amounting to $906,000 for the financial year ended May 31, 2016. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events after the Reporting Period*.

43 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on Group profit attributable to owners of the Company of $8,404,000 (2015 : $11,133,000) divided by the weighted average number of ordinary shares of 503,222,353 (2015 : 498,095,646) in issue during the year.

Fully diluted earnings per ordinary share is calculated based on 503,222,353 (2015 : 508,645,798) ordinary shares.

	Group			
	2016		2015	
	Basic $'000	Diluted $'000	Basic $'000	Diluted $'000
Profit attributable to owners of the Company	8,404	8,404	11,133	11,133
Weighted average number of ordinary shares for the purposes of basic/diluted earnings per share	503,222,353	503,222,353	498,095,646	508,645,798
Earnings per share (cents)	1.67	1.67	2.24	2.19

44 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2016 $'000	2015 $'000
Minimum lease payments under operating leases recognised as expense in the year	2,321	2,664

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2016 $'000	2015 $'000
Within one year	1,049	1,727
In the second to fifth year inclusive	45	829
Total	1,094	2,556

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouse and equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

The Company does not have outstanding commitments under non-cancellable operating leases.

The Group and Company as lessor

The Group and Company rent out its investment properties under operating lease to outside parties. Property rental income earned by the Group and Company during the year was $3,355,000 (2015 : $3,560,000) and $1,957,000 (2015 : $1,946,000) respectively.

At the end of the reporting period, the Group and Company have contracted with tenants for the following future minimum lease payments:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Within one year	291	1,933	-	1,933
In the second to fifth year inclusive	333	2,578	-	2,578
Total	624	4,511	-	4,511

As at the end of the reporting period, a tenant of one of the investment properties had early vacated the premises and terminated the lease with the Group. The Group is currently negotiating the rental deposit refund (Note 31) and compensation for early lease termination. As the amount and outcome is uncertain, no income is recognised.

45 SEGMENT INFORMATION

In the current year, the Group has reorganised into four (2015 : three) major operating divisions – Corporate & Other, Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. Certains assets, liabilities and profit and loss items are also reallocated to the respective segments. The prior year's segment information has been reclassified to enhance comparability with the current year's segment information (Note 50), following the above change in the operating divisions. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

Corporate & Other involves a range of activities from corporate exercises and include income and expenses not attributable to other operating segments. Engineering involves providing mechanical and electrical work relating to the expansion and improvement of infrastructure, constructing new buildings and converting existing buildings and facilities for new uses and offering turnkey approaches to the construction of infrastructure as well as in system development from system definition, system development and system deployment. Real estate involves the development and sale of private residential properties and investment in hotels and properties. Infrastructure business offers infrastructure solutions in the areas of water and energy related projects. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services.

(a) Reportable Operating Segment Information

In accordance with FRS 108 *Operating Segments*, management has determined the operating segments based on the reports regularly reviewed by the Group Chief Executive that are used to make strategic decisions.

Segment revenue and expenses: Segment revenue and expenses are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of cash and bank balances, operating receivables, loans to associates, construction work-in-progress in excess of progress billings, inventories, development properties, available-for-sale investment, investment in associates, investment in joint venture, club membership, completed properties and land held for sale, deferred tax assets, property, plant and equipment, intangible assets and investment properties, net of allowances. Segment liabilities include all operating liabilities used by a segment and consist principally of bank loans and overdrafts, operating payables, progress billings in excess of construction work-in-progress, provision for maintenance costs, income tax payable, finance leases, term notes, long term borrowings, long-term loan, long-term deposit, financial guarantee liabilities, derivative financial instruments and deferred tax liabilities.

Inter-segment transfers: Segment revenue and expenses include transfers between operating segments. Inter-segment sales are charged at cost plus a percentage of profit mark-up. These transfers are eliminated on consolidation.

45 SEGMENT INFORMATION (cont'd)

	Corporate & Other		Engineering		Real Estate		Infrastructure		Elimination		Group	
	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000
Segment revenue												
External sales	1,957	1,946	223,064	152,958	33,685	60,157	3,000	2,834	-	-	261,706	217,895
Inter-segment sales	7,076	19,377	39,495	43,440	1,204	-	571	-	(48,346)	(62,817)	-	-
Total revenue	9,033	21,323	262,559	196,398	34,889	60,157	3,571	2,834	(48,346)	(62,817)	261,706	217,895
Segment results												
Segment results	3,542	14,129	11,123	7,543	(2,907)	3,863	428	(180)	(6,250)	(14,365)	5,936	10,990
Share of results of associates and joint venture	-	-	519	786	14,737	9,992	(653)	343	-	-	14,603	11,121
Finance costs	(1,916)	(1,902)	(1,742)	(1,494)	(4,997)	(3,639)	(184)	(183)	46	181	(8,793)	(7,037)
Profit (Loss) before tax	1,626	12,227	9,900	6,835	6,833	10,216	(409)	(20)	(6,204)	(14,184)	11,746	15,074
Income tax expense	-	(1)	(1,103)	(928)	179	(1,240)	(103)	(23)	-	-	(1,027)	(2,192)
Profit (Loss) for the year	1,626	12,226	8,797	5,907	7,012	8,976	(512)	(43)	(6,204)	(14,184)	10,719	12,882
Segment assets												
Segment assets	29,213	35,399	148,185	130,025	351,616	345,467	1,158	1,253	-	-	530,172	512,144
Investment in associates and joint venture	-	-	1,360	808	47,667	36,066	11,109	7,175	-	-	60,136	44,049
Deferred tax assets	-	-	-	50	2,643	1,332	-	-	-	-	2,643	1,382
Total assets	29,213	35,399	149,545	130,883	401,926	382,865	12,267	8,428	-	-	592,951	557,575
Segment liabilities												
Segment liabilities	2,242	3,025	104,189	96,909	37,537	30,120	2,734	3,244	-	-	146,702	133,298
Loans and borrowings	39,340	43,365	43,474	32,511	188,472	180,716	72	85	-	-	271,358	256,677
Income tax payable	-	-	2,101	2,049	3,464	1,289	18	10	-	-	5,583	3,348
Deferred tax liabilities	-	-	34	33	209	2,012	30	21	-	-	273	2,066
Total liabilities	41,582	46,390	149,798	131,502	229,682	214,137	2,854	3,360	-	-	423,916	395,389

45 SEGMENT INFORMATION (cont'd)

	Corporate & Other		Engineering		Real Estate		Infrastructure		Elimination		Group	
	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000
Other information												
Depreciation	189	33	329	942	3,289	1,732	47	47	-	-	3,854	2,754
Gain from dilution of equity interest in associates	-	-	-	-	(1,254)	-	(1,814)	-	-	-	(3,068)	-
Allowance for dimination in value of completed properties held for sale	-	-	-	-	534	518	-	-	-	-	534	518
Change in fair value of investment properties	-	(1,000)	-	-	-	(223)	-	-	-	-	-	(1,223)
Allowance for doubtful other receivables	-	-	354	-	-	3,374	-	(515)	-	-	354	2,859
Gain on disposal of property, plant and equipment	-	-	(2,215)	(760)	-	-	-	-	-	-	(2,215)	(760)
Loss on dissolution of joint development	-	-	-	-	2,911	-	-	-	-	-	2,911	-
Purchase of property, plant and equipment	124	466	418	581	15,965	69,064	6	12	-	-	16,513	70,123

45 SEGMENT INFORMATION (cont'd)

b) Geographical Information

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment non-current assets: Segment non-current assets (excluding deferred tax assets) are analysed based on the location of those assets.

	Revenue		Non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	201,495	172,357	120,277	122,530
Malaysia	44,668	34,995	706	1,178
Thailand	3,000	2,833	538	587
Brunei	-	865	*	9
Vietnam	-	-	-	341
Hong Kong	274	681	1,367	828
Philippines	-	-	-	1
Australia	10,871	4,549	65,676	53,890
New Zealand	1,398	1,615	9,856	10,194
Total	261,706	217,895	198,420	189,558

* Denotes amount less than $1,000

c) Other information

The Group has three major customers (2015 : three) from the engineering segment that contribute greater than 10% of the Group's total revenue.

	2016 $'000	2015 $'000
Customer A	83,658	47,716
Customer B	51,160	32,538
Customer C	26,941	28,871

46 EVENTS AFTER THE REPORTING PERIOD

a) On June 9, 2016, the Group's associate in Thailand, Chewathai Public Company Limited ("Chewathai"), acquired the land and building known as AQ Aria Asoke located at Makkasan Sub-district, Ratchathewi District, Bangkok ("Project") for $22,561,000 (THB586,000,000). The Project is a 29-storey building comprising 315 residential units and one commercial unit. The acquisition is in the normal course of business of Chewathai. The objective of this acquisition is for development of the Project until completion and subsequent sale of all the units.

b) On July 11, 2016, the Group announced that its subsidiary, Development 35 Pte Ltd, has completed the acquisition of the property situated on freehold land at 20 Lorong 35, Geylang Singapore for S$20,000,000.

c) On July 27, 2016, CMC Infocomm Limited, an associate of the Group, has entered into a shareholders agreement with Argosy Properties Inc., to form a joint venture for the purpose of designing, developing, installing, implementing and maintaining telecommunications equipment and systems for commercial and industrial applications in the Philippines.

46 EVENTS AFTER THE REPORTING PERIOD (cont'd)

d) On August 10, 2016, the Board of Directors of the Company resolved to propose the adoption of an employee share option scheme and an employee performance share plan (collectively, the "Schemes"). The adoption of the Schemes are subject to shareholders' approval.

47 INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT

In April 2012, the Company announced that it has been informed by Mr. Bertie Cheng Shao Shiong, the Independent Director and Non-Executive Chairman of the Company, and Mr. Phua Chian Kin, the Group Chief Executive and Managing Director, that they are the subject of investigation by the Commercial Affairs Department ("CAD") on possible contravention of market rigging provision in the Securities and Futures Act (Chapter 289). Mr. Cheng and Mr. Phua have indicated that they will cooperate fully with the CAD in its investigation, and are providing CAD with access to the relevant records for the period from July 1, 2008 to March 31, 2009.

To its best knowledge, the Board of Directors of the Company is not aware that the CAD investigation had any impact on the Group and Company.

48 DISPOSAL OF SUBSIDIARY

On March 15, 2016, the Company has disposed its interest in TEE Vietnam Co. Ltd.

Details of the disposal are as follows:

	2016 **$'000**
Book value of net assets over which control was lost:	
Current asset	
Other receivables, representing total current asset	11
Current liabilities	
Other payables	14
Inter-company payable	51
Total current liabilities	65
Net liabilities derecognised	(54)
Gain on disposal:	
Consideration received	-
Net liabilities decrecognised	54
Gain on disposal	54

The gain on disposal of the subsidiary is recorded as part of other operating income (Note 37) from disposal of subsidiary in the statement of profit or loss and other comprehensive income.

48 DISPOSAL OF SUBSIDIARY (cont'd)

On July 10, 2014, the Company has disposed its interest in Interlift Sales Pte Ltd.

Details of the disposal are as follows:

	2015 $'000
Book value of net assets over which control was lost:	
Assets classified as held for sale representing total assets	14,116
Liabilities directly associated with assets classified as held for sale representing total liabilities	(8,856)
Net assets derecognised	5,260
Consideration received:	
Cash	2,080
Set-off of contingent consideration (Note 24)	1,122
Total consideration received	3,202
Gain on disposal:	
Consideration received	3,202
Net assets derecognised	(5,260)
Non-controlling interest derecognised	2,375
Others	(18)
Gain on disposal	299

The gain on disposal of the subsidiary is recorded as part of other operating income (Note 37) from disposal of subsidiary in the statement of profit or loss and other comprehensive income.

	2015 $'000
Net cash outflow arising from disposal:	
Cash consideration received	2,080
Cash and cash equivalents disposed of	(2,631)
	(551)

49 DISSOLUTION OF JOINT DEVELOPMENT

As referred in Note 9 to the financial statements, in March 2010, the Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore, into 2 properties, The Peak @ Cairnhill I and The Peak @ Cairnhill II. Upon the completion of both properties, the Group dissolved the joint development in May 2016. All the unsold units in The Peak @ Cairnhill II and The Peak @ Cairnhill I are transferred to the joint developer and the Group respectively.

Details of the Peak @ Cairnhill II are as follows:

Name of property/location	Description	Tenure	Estimated percentage of Completion	Year to be completed	Land area (sq m)	Gross floor area (sq m)
Property in the course of development:						
The Peak @ Cairnhill II 55, 57, 59 and 61 Cairnhill Circle, Singapore	60 units of residential apartment	Freehold	100%	December 2015	1,509	4,642

Carrying amounts of net assets

	2016 $'000
Current assets	
Completed properties held for sale	25,670
Other receivables	55
Cash and bank balances	279
Total current assets	26,004
Non-current liabilities	
Long-term borrowings	(18,360)
Total non-current liabilities	(18,360)
Current liabilities	
Trade payables	(9)
Other payables	(1,424)
Total current liabilities	(1,433)
Net assets derecognised	6,211

49 DISSOLUTION OF JOINT DEVELOPMENT (cont'd)

Details of The Peak @ Cairnhill I are as follows:

Assets acquired and liabilities assumed

	2016 $'000
Current assets	
Completed properties held for sale	18,098
Other receivables	32
Cash and bank balances	1,310
Total current assets	19,440
Non-current liabilities	
Long-term borrowings	(9,682)
Total non-current liabilities	(9,682)
Current liabilities	
Trade payables	(77)
Other payables	(1,719)
Total current liabilities	(1,796)
Net assets acquired and liabilities assumed	7,962

The net loss on dissolution of joint development in the statement of profit or loss and other comprehensive income is as follows:

	2016 $'000
Net assets derecognised	(6,211)
Net assets acquired and liabilities assumed	7,962
Write off of receivables due from joint developer (Note 9)	(4,662)
Loss on dissolution of joint development (Note 38)	(2,911)

Net cash (outflow) inflow arising from dissolution of joint development:

	2016 $'000
Cash and cash equivalents outflow	(279)
Cash and cash equivalents inflow	1,310
Cash and cash equivalents arising from dissolution of joint development	1,031

50 RECLASSIFICATIONS AND COMPARATIVE FIGURES

As referred in Note 45 to the financial statements, in the current year, the Group has reorganised into four (2015 : three) major operating divisions – Corporate & Other, Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. Certains assets, liabilities and profit and loss items are also reallocated to the respective segments. The prior year's segment information has been reclassified to enhance comparability with the current year's segment information, following the above change in the operating divisions.

Segment information previously reported:

	Engineering 2015 $'000	Real Estate 2015 $'000	Infrastructure 2015 $'000	Elimination 2015 $'000	Group 2015 $'000
Segment revenue					
External sales	154,904	60,157	2,834	-	217,895
Inter-segment sales	62,817	-	-	(62,817)	-
Total revenue	217,721	60,157	2,834	(62,817)	217,895
Segment results					
Segment results	6,393	4,647	(50)	-	10,990
Finance costs					(7,037)
Share of results of associates and joint venture					11,121
Profit (Loss) before tax					15,074
Income tax expense					(2,192)
Profit (Loss) for the year					12,882
Segment assets	154,454	291,875	474	-	446,803
Unallocated corporate assets					110,772
Consolidated total assets					557,575
Segment liabilities	99,947	30,119	3,232	-	133,298
Unallocated corporate liabilities					262,091
Consolidated total liabilities					395,389
Other information					
Depreciation	977	1,732	45	-	2,754
Allowance for diminution in value of development properties	-	518	-	-	518
Change in fair value of investment properties	(1,000)	(223)	-	-	(1,223)
Allowance for doubtful other receivables	-	3,374	(515)	-	2,859

50 RECLASSIFICATIONS AND COMPARATIVE FIGURES (cont'd)

Segment information as reclassified:

	Corporate & Other 2015 $'000	Engineering 2015 $'000	Real Estate 2015 $'000	Infrastructure 2015 $'000	Elimination 2015 $'000	Group 2015 $'000
Segment revenue						
External sales	1,946	152,958	60,157	2,834	-	217,895
Inter-segment sales	19,377	43,440	-	-	(62,817)	-
Total revenue	21,323	196,398	60,157	2,834	(62,817)	217,895
Segment results						
Segment results	14,129	7,543	3,863	(180)	(14,365)	10,990
Share of results of associates and joint venture	-	786	9,992	343	-	11,121
Finance costs	(1,902)	(1,494)	(3,639)	(183)	181	(7,037)
Profit (Loss) before tax	12,227	6,835	10,216	(20)	(14,184)	15,074
Income tax expense	(1)	(928)	(1,240)	(23)	-	(2,192)
Profit (Loss) for the year	12,226	5,907	8,976	(43)	(14,184)	12,882
Segment assets						
Segment assets	35,399	130,025	345,467	1,253	-	512,144
Investment in associates and joint venture	-	808	36,066	7,175	-	44,049
Deferred tax assets	-	50	1,332	-	-	1,382
Total assets	35,399	130,883	382,865	8,428	-	557,575
Segment liabilities						
Segment liabilities	3,025	96,909	30,120	3,244	-	133,298
Loans and borrowings	43,365	32,511	180,716	85	-	256,677
Income tax payable	-	2,049	1,289	10	-	3,348
Deferred tax liabilities	-	33	2,012	21	-	2,066
Total liabilities	46,390	131,502	214,137	3,360	-	395,389
Other information						
Depreciation	33	942	1,732	47	-	2,754
Allowance for diminution in value of completed properties held for sale	-	-	518	-	-	518
Change in fair value of investment properties	(1,000)	-	(223)	-	-	(1,223)
Allowance for doubtful other receivables	-	-	3,374	(515)	-	2,859
Purchase of property, plant and equipment	466	581	69,064	12	-	70,123
Gain on disposal of property, plant and equipment	-	(760)	-	-	-	(760)

SHAREHOLDERS' INFORMATION

As at 23 August 2016

Issued and Fully Paid-up Capital	:	S$58,700,776.80
No. of Shares Issued	:	503,222,633
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No.of Shareholders	%	No.of Shares	%
1 - 99	190	10.38	3,114	0.00
100 - 1,000	112	6.12	62,176	0.01
1,001 - 10,000	579	31.62	3,670,139	0.73
10,001 - 1,000,000	920	50.24	72,760,162	14.46
1,000,001 and above	30	1.64	426,727,042	84.80
TOTAL	1,831	100.00	503,222,633	100.00

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No.of Shares Held	%
1	Hong Leong Finance Nominees Pte Ltd	80,027,213	15.90
2	KGI Fraser Securities Pte Ltd	50,902,800	10.12
3	Maybank Nominees (S) Pte Ltd	50,300,000	10.00
4	CIMB Securities (Singapore) Pte Ltd	37,077,132	7.37
5	Lincoln Capital Pte. Ltd.	25,967,321	5.16
6	SBS Nominees Pte Ltd	23,837,901	4.74
7	Phua Chian Kin	20,942,202	4.16
8	RHB Securities Singapore Pte Ltd	19,323,522	3.84
9	United Overseas Bank Nominees Pte Ltd	14,854,585	2.95
10	Phillip Securities Pte Ltd	12,614,743	2.51
11	DBS Nominees Pte Ltd	11,898,634	2.36
12	Tay Kuek Lee	9,845,340	1.96
13	Citibank Nominees Singapore Pte Ltd	9,548,703	1.90
14	Raffles Nominees (Pte) Ltd	8,252,029	1.64
15	Maybank Kim Eng Securities Pte Ltd	7,606,923	1.51
16	Cheng Shao Shiong @ Bertie Cheng	7,500,000	1.49
17	4 P Investments Pte Ltd	6,680,924	1.33
18	OCBC Securities Private Ltd	6,247,598	1.24
19	Lum Tuck Seng	3,873,960	0.77
20	UOB Kay Hian Pte Ltd	3,801,678	0.76
	TOTAL	411,103,208	81.71

SHAREHOLDERS' INFORMATION

As at 23 August 2016

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 23 August 2016

	Direct Interest	%	Deemed Interest	%
Phua Chian Kin[1]	281,622,356	55.96	16,526,264	3.28
Lincoln Capital Pte. Ltd.[2]	25,967,321	5.16	-	-

Notes:

1 Mr. Phua Chian Kin is deemed to have an interest in the 16,526,264 ordinary shares held by his spouse, Mdm. Tay Kuek Lee and 4 P Investments Pte. Ltd., where he is a shareholder. A total of 260,680,154 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, Maybank Nominees (S) Pte Ltd, OCBC Securities Private Limited and RHB Securities Singapore Pte Ltd and KGI Fraser Securities Pte Ltd.

2 Mr. Tan Soon Hoe, through his 100% shareholding interest in Lincoln Capital Pte. Ltd., is deemed to have an interest in the shares held directly by Lincoln Capital Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 23 August 2016, approximately 32.44% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

WARRANTHOLDERS' INFORMATION

As at 23 August 2016

DISTRIBUTION OF WARRANTHOLDINGS - TEEW170526

Size of Warrantholdings	No.of Warrantholders	%	No.of Warrants	%
1 -99	202	12.44	2,846	0.00
100 - 1,000	159	9.80	71,381	0.04
1,001,-10,000	793	48.86	3,459,667	1.86
10,001 - 1,000,000	450	27.73	28,077,969	15.06
1,000,001 & ABOVE	19	1.17	154,773,821	83.04
TOTAL	1,623	100.00	186,385,684	100.00

TOP TWENTY WARRANTHOLDERS

No.	Name of Warrantholders	No.of Warrants Held	%
1	Phua Chian Kin	51,764,525	27.77
2	Maybank Nominees (S) Pte Ltd	16,400,000	8.80
3	Phillip Securities Pte Ltd	15,056,478	8.08
4	Lincoln Capital Pte. Ltd.	10,386,928	5.57
5	SBS Nominees Pte Ltd	9,535,160	5.12
6	RHB Securities Singapore Pte Ltd	8,786,926	4.71
7	CIMB Securities (Singapore) Pte Ltd	6,438,275	3.45
8	DBS Nominees Pte Ltd	5,801,080	3.11
9	Cheng Shao Shiong @ Bertie Cheng	4,420,000	2.37
10	Tay Kuek lee	3,728,136	2.00
11	Maybank Kim Eng Securities Pte Ltd	3,615,688	1.94
12	Seah Moon Ming	3,245,965	1.74
13	Tan Su Lan @ Tan Soo Lung	3,211,301	1.72
14	Raffles Nominees (Pte) Ltd	2,947,761	1.58
15	4 P Investments Pte Ltd	2,672,369	1.43
16	OCBC Securities Private Ltd	2,442,325	1.31
17	UOB Kay Hian Pte Ltd	1,867,613	1.00
18	Citibank Nominees Singapore Pte Ltd	1,335,251	0.72
19	Ong Boon Chuan	1,118,040	0.60
20	Ong Peck Eng	946,909	0.51
	TOTAL	155,720,730	83.53

TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)
(Co. Reg. No.: 200007107D)

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of TEE International Limited ("**the Company**") will be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on 27 September 2016, Tuesday, at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 May 2016 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 0.18 cent per ordinary share for the financial year ended 31 May 2016 (2015: final tax exempt (one-tier) dividend of 0.40 cent per ordinary share).

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Constitution of the Company:

Mr. Lee Ah Fong **(Resolution 3)**
Mr. Aric Loh Siang Khee **(Resolution 4)**

- *Mr. Lee Ah Fong will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("***SGX-ST"***).*

- *Mr Aric Loh Siang Khee will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.*

4. To re-appoint Mr. Bertie Cheng Shao Shiong as Director of the Company under Article 93 of the Constitution of the Company, who was previously re-appointed to hold office until this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50, which was in force immediately before 3 January 2016.

(Resolution 5)

- *Mr. Bertie Cheng Shao Shiong will, upon re-appointment as a Director of the Company, remain as the Chairman of the Company.*

5. To note the retirement of Mr. Tan Boen Eng, a Director retiring under the resolution passed at the last Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force), who will not be seeking re-appointment at this Annual General Meeting.

6. To approve the payment of Directors' fees of S$321,750 for the financial year ending 31 May 2017 to be paid quarterly in arrears. (2016: S$343,750).

(Resolution 6)

7. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 7)

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. **Authority to issue new shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares, if any) shall be based on the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 8)**

10. **Renewal of Share Buy-Back Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined on page 9 of the Company's Circular to shareholders dated 12 September 2012 (the "**Circular**"), in accordance with the terms of the said Circular and the Letter to Shareholders enclosed together with the Annual Report, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 9)**

11. Authority to issue shares under the TEE International Limited Scrip Dividend Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to issue such number of Shares in the Company as may be required to be issued pursuant to the TEE International Limited Scrip Dividend Scheme from time to time in accordance to the "Terms and Conditions of the Scrip Dividend Scheme" set out in pages A-2-2 to A-2-8 of the Circular to Shareholders dated 4 September 2013 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 10)

NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATES

Notice is hereby given that the Share Transfer Books and Register of Members of TEE International Limited (the "**Company**") will be closed at 5.00 p.m. on 8 November 2016 for the purpose of determining Members' entitlements to the final tax exempt (one-tier) dividend ("**Final Dividend**") to be proposed at the Sixteenth Annual General Meeting of the Company which is scheduled to be held on 27 September 2016 ("**16th AGM**").

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00, ASO Building, Singapore 048544 up to close of business at 5.00 p.m. on 8 November 2016 will be registered to determine Members' entitlements to the proposed Final Dividend.

Subject to the aforesaid, Members whose Securities Accounts maintain with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 8 November 2016 will be entitled to the proposed Final Dividend.

Payment of the Final Dividend, if approved by Members at the 16th AGM, will be made on 29 November 2016.

By Order of the Board

Ms. Yeo Ai Mei
Ms. Lynn Wan Tiew Leng
Company Secretaries

Singapore
9 September 2016

Explanatory Notes:

(i) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued shares (excluding treasury shares, if any) will be calculated based on the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to purchase or otherwise acquire ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the Maximum Price as defined in the Circular dated 12 September 2012. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 May 2016 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

(iii) The Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares in the Company from time to time pursuant to the TEE International Limited Scrip Dividend Scheme.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. Please see the enclosed Proxy Form and the Notes to Proxy Form for more information.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

Notes to CPF / SRS Investors

For CPF / SRS investors, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF / SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointments as proxies.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 9 September 2016.

ANNUAL GENERAL MEETING PROXY FORM

Name: ______________________________

Address: ______________________________

____

____

NRIC/ Passport Number/ Co Reg No: ______________________________

Total No of Shares Held: ______________________________

APPOINTMENT OF PROXY/PROXIES

I/We, being a member/members of TEE International Limited (the "Company"), hereby appoint the following to attend, speak and vote for me/us at the 16th Annual General Meeting ("the Meeting") to be held on Tuesday , 27 September 2016 at 2.30pm , at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 and at any adjournment thereof:

Name: ______________________________

NRIC/Passport Number: ______________ Proportion of Shareholdings (%): ______

AND/OR (delete as appropriate)

Name: ______________________________

NRIC/Passport Number: ______________ Proportion of Shareholdings (%): ______

(If you wish to exercise all your votes ***For*** *or* ***Against*** *the resolution, tick ✓ within the relevant box. Alternatively, if you wish to exercise your votes both* ***For*** *and* ***Against*** *the resolution, please write the number of votes legibly beside the checkbox. In the absence of specific instructions, the proxy/proxies may vote or abstain as the proxy/proxies may think fit, as they will on any other matter arising at the Meeting. Voting will be conducted by poll.)*

(A)	**Ordinary Business**	**For**	**Against**
1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 May 2016	☐	☐
2	Declaration of Final Dividend	☐	☐
3	Re-election of Mr. Lee Ah Fong as a Director	☐	☐
4	Re-election of Mr. Aric Loh Siang Khee as a Director	☐	☐
5	Re-appointment of Mr. Bertie Cheng Shao Shiong as a Director	☐	☐
6	Approval of Directors' fees for the financial year ending 31 May 2017	☐	☐
7	Re-appointment of Messrs Deloitte & Touche LLP as Company's Auditors	☐	☐

(B)	**Special Business**	**For**	**Against**
8	Authority to issue new shares	☐	☐
9	Renewal of Share Buy-Back Mandate	☐	☐
10	Authority to issue shares under the TEE International Limited Scrip Dividend Scheme	☐	☐

Signature(s) of member(s) or, Common Seal

Date

D D M M Y Y Y Y

IMPORTANT: PLEASE READ NOTES OVERLEAF

Important Notes:

1. If you have ordinary shares in the Company entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289, of Singapore), you should insert that number of ordinary shares. If you have ordinary shares in the Company registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the ordinary shares held by you.

2. With the exception of the relevant intermediary[1] (who may appoint more than two proxies), a member of the Company entitled to attend, speak and vote at the Meeting of the Company is entitled to appoint not more than two proxies to attend, speak and vote in his stead.

3. A proxy need not be a member of the Company.

4. Where a member appoints two proxies, the appointments shall be valid only if he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. In the case of a joint appointment of two proxies, the Chairman of the Meeting ("**Chairman**") will be a member's proxy by default if either or both of the proxies appointed does/do not attend the Meeting. In the case of an appointment of two proxies in the alternative, the Chairman will be a member's proxy by default if both of the proxies appointed do not attend the Meeting. In the case where the appointment of proxy/proxies is left blank, the Chairman will be a member's proxy by default.

5. The Proxy Form must be lodged at the office of The Central Depository (Pte) Limited at 11 North Buona Vista Drive #06-07, The Metropolis Tower 2, Singapore 138589, **not less than 48 hours before the time appointed for the Meeting**.

6. The Proxy Form must be signed under the hand of the appointer or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. The submission of an instrument or form appointing a proxy by a member does not preclude him from attending and voting in person at the Meeting if he so wishes.

GENERAL:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register **as at 72 hours before the time appointed for holding the Meeting**, as certified by The Central Depository (Pte) Limited to the Company.

[1] "Relevant intermediary" means:

(i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman, Independent Director
Mr. Bertie Cheng Shao Shiong

Group Chief Executive & Managing Director
Mr. Phua Chian Kin

Deputy Group Managing Director
Mr. Phua Boon Kin

Executive Director
Mdm. Saw Chin Choo

Independent Director
Mr. Tan Boen Eng

Independent Director
Mr. Lee Ah Fong

Independent Director
Mr. Gn Hiang Meng

Independent Director
Mr. Aric Loh Siang Khee

AUDIT COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Lee Ah Fong
Mr. Aric Loh Siang Khee

NOMINATING COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Phua Chian Kin
Mr. Lee Ah Fong

REMUNERATION COMMITTEE

Chairman
Mr. Lee Ah Fong

Members
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

EXECUTIVE COMMITTEE

Chairman
Mr. Phua Chian Kin

Members
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

JOINT COMPANY SECRETARIES

Ms. Yeo Ai Mei, CA
Ms. Lynn Wan Tiew Leng, FCIS

REGISTERED OFFICE

UEN: 200007107D
TEE Building
25 Bukit Batok Street 22
Singapore 659591
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: IR@teeintl.com
Website: www.teeintl.com

DATE OF INCORPORATION

15 August 2000

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

INDEPENDENT AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Audit Partner-in-charge:
Mr. Loi Chee Keong
(Appointed with effect from FY2012)

INVESTOR RELATIONS

Ms. Celine Ooi
Tel: (65) 6697 6589
Fax: (65) 6565 1738
Email: IR@teeintl.com

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

TEE INTERNATIONAL LIMITED
UEN: 200007107D
TEE Building
25 Bukit Batok Street 22
Singapore 659591
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: IR@teeintl.com
Website: www.teeintl.com