TEE INTERNATIONAL LIMITED

Annual Report 2020

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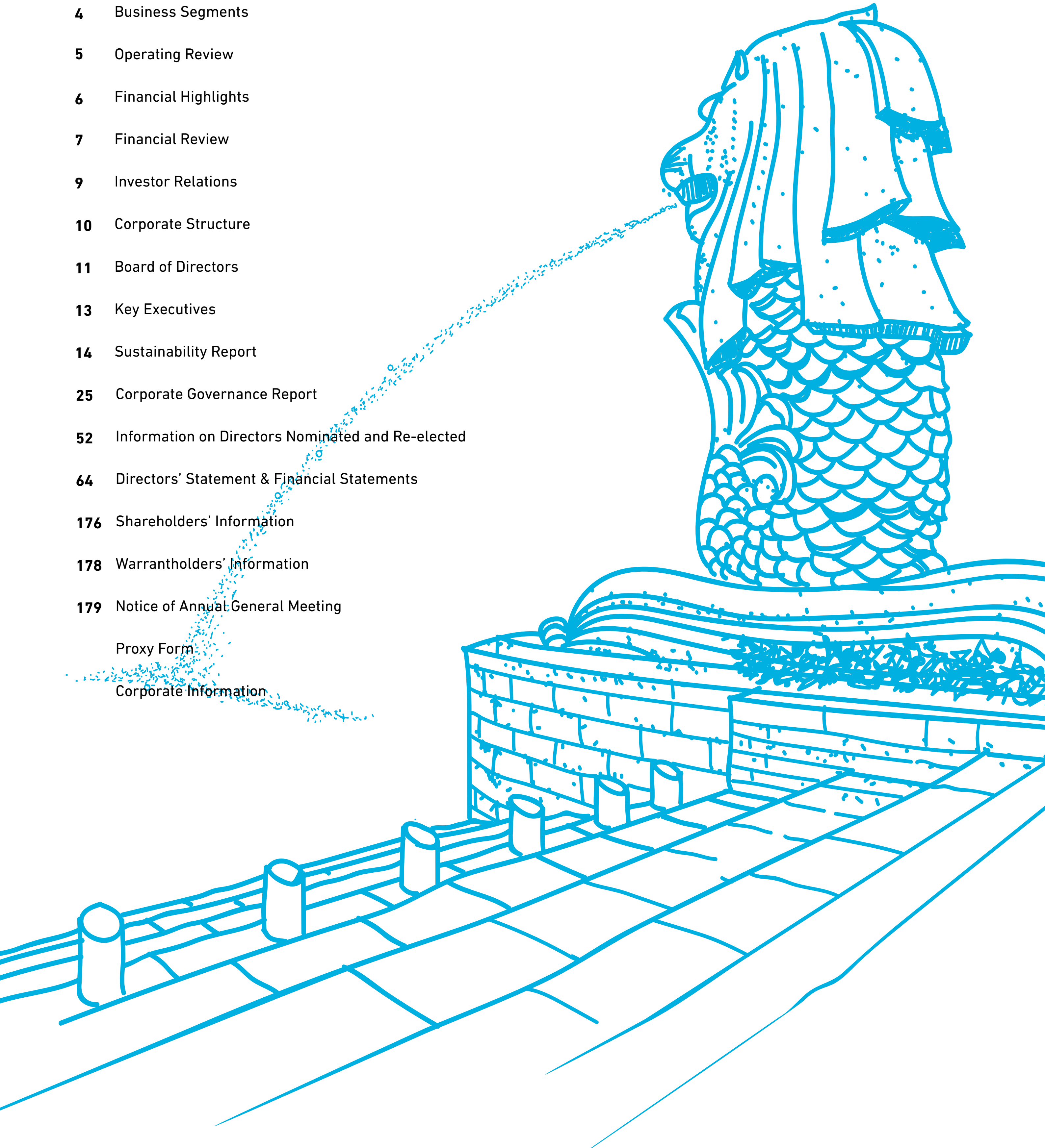


CORPORATE PROFILE

Listed in 2001, TEE International Limited ("TEE" or together with its subsidiaries and associated companies, "TEE Group") is a leading regional engineering and construction group with business interests in environmental services business.

TEE's core engineering business dates back to 1991 when it was first established as a general electrical contractor. Anchored on a strong track record of delivering quality and value-added integrated engineering solutions, TEE is now recognised as a trusted partner in the engineering & construction industry.

Through its investments in the environmental services businesses, TEE expanded into the waste management and wastewater treatment businesses in Singapore and Thailand respectively. With more than 20 years of experience in the waste management industry, TEE Environmental Pte. Ltd. ("TEE Environmental") is one of the leading industrial & commercial waste management companies in Singapore. As an essential service provider, TEE Environmental offers integrated waste management solutions supported by its recycling and cleaning services.

OUR VISION

We aim to be among the best and the preferred choice in the industry.

OUR MISSION

We strive to be a leading Integrated Engineering and Infrastructure Group recognised for our quality and value-added services, as well as our cost competitiveness; resolutely backed by people with strong capabilities, a devotion to quality service delivery, and the tenacity to face challenges.

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of TEE International Limited ("TEE") and its subsidiaries (collectively, the "Group"), we are pleased to present to you our annual report for the financial year ended 31 May 2020 ("FY2020").

It is one of the most trying times in our Group's history as we face intensified competition across our businesses as well as deal with global health crisis caused by the COVID-19 pandemic. On a more positive note, we have in the past financial year enhanced our Corporate Governance as well as welcomed a new long-term partner into our Group.

COMPETITION AND BUSINESS HEADWINDS

Increased competition in the Engineering & Construction ("E&C") industry is eroding contractors' profits. Competition from established international contractors has driven down construction budgets and added pressure to margins. Given the ongoing price war amongst contractors, we have refined our pricing strategies and shifted our focus to a few niche areas through our track record in commercial buildings, mission-critical transport infrastructure, and more recently, data centres. Despite heightened competition, we managed to gain market share in fitting-out data centres, a high-barriers to entry business segment, while our Asset Enhancement Initiative ("AEI") business also defended its market position and continued to secure orders from both new and repeat customers. In total, the Group was able to secure S$188 million worth of new contracts in FY2020, bringing our total order book to S$272 million. Our strong order book reflects the market's confidence in us for both Mechanical & Electrical ("M&E") engineering and AEI projects.

SEIZING NEW OPPORTUNITIES

While the COVID-19 pandemic has negatively affected some segments of our business, it has also created new opportunities for others. For example, we have seen heightened demand for cleaning and disinfecting services for premises that were visited by confirmed COVID-19 cases. This has created a new source of income for our environmental business. Accordingly, we have started providing disinfection services focused on ensuring sites are free from COVID-19 to meet the need for more regular disinfection and cleaning services at workplaces, hotels and commercial premises.

As one of Singapore's leading industrial & commercial waste management companies, we are taking steps to enter the Municipal Solid Waste ("MSW") sector by actively participating in the upcoming government tenders for public waste collection. We remain hopeful in being awarded one of such contracts, which will boost our bottom line. Combined with our track record in the industrial and commercial waste management space, we are well-positioned to grow both our core and new businesses.

WORKING TOWARDS POST-COVID BUSINESS RESUMPTION

TEE's management continues to steer the business through the uncertainty and impact of COVID-19. We have gradually increased worksite activities for essential projects, particularly in mission critical transport infrastructure while privately-owned projects have recently re-started its worksite activities. As the situation continues to evolve, we expect some supply and manpower disruptions to persist, along with an increase in operating expenses arising from the BCA's COVID-Safe Restart Criteria. This new norm will include additional requirements to keep our worker population safe and minimise the risk of a large-scale outbreak.

During this difficult period, we remain focused on ensuring ongoing projects are completed smoothly as well as implementing tight cost controls to position the Group defensively in the near-term. At the same time, we are optimistic that the COVID-19 support measures introduced by the Singapore government such as the S$1.36 billion Construction Support Package will help to cushion any negative impact faced by the Group as well as lead to an eventual recovery of the market in the mid to long term.

Optimising our processes with technology will be integral to the success of our E&C and environmental businesses. The push for the use of technologies is on the rise and in line with both the E&C and waste management industries' approach to drive productivity, reduce the reliance of physical labour and improve site coordination especially in these times. While these technologies are not mandatory, we have already prepared for the future to stay ahead of our competition. Our human capital is our biggest asset and succession is key to the continuity of our business. As such, we remain focused on continual training and development to ensure that our workforce is equipped with the relevant expertise so as to minimise manpower redundancy.

STREAMLINING THE BUSINESS

Following the sale of TEE Land Limited in February 2020, we have fully exited the real estate business. The streamlining of the Group through the divestment of non-core assets will allow us to focus on profitable growth in our core competencies in the E&C and Environmental segments in Singapore. Going forward, we will conduct a strategic review of the Group assets and continue to divest other non-core assets so as to free up our balance sheet and refocus resources back to our core businesses.

GOVERNANCE AND SUSTAINABILITY EFFORTS

Subsequent to the release of the External Investigator's report in March 2020, the Board has reviewed and enhanced existing policies and procedures, as well as implemented all recommendations by our Internal Auditors Protiviti Pte. Ltd. Going forward, the Board and Management remain committed to ensuring that only high standards of corporate governance are practised throughout the Group, and to continuously review and strengthen internal control processes whenever necessary.

Sustainability continues to remain an important aspect of our organisational culture. Our efforts to reduce our carbon footprint and improve the efficiency of our energy and water usage in our operations will also help to rein in any wasteful expenditure. Over the longer term, we will continue to improve TEE's sustainability reporting framework with the view of setting certain measurements to report on our progress.

BOARD RENEWAL

On behalf of the Board, I am pleased to welcome Mr. Teo Yi-Dar and Mr. Gary Ng as Non-Executive, Non-Independent Directors of the Board. They join TEE at an important time in our history as we navigate the COVID-19 situation gripping the industry. The addition of these seasoned professionals complements our current Board of Directors' skills and experiences, and we are fully confident that they will offer invaluable perspectives as the Group executes its strategy and delivers value to our shareholders.

A NOTE OF THANKS

These are trying times for all of us and I am grateful to all our key stakeholders, especially our customers, shareholders, business partners, financiers, and suppliers for their continued support of our businesses. I also cannot thank our leadership and team members enough for their hard work and dedication to see us through this rough period.

I see this situation as an opportunity for the Group to reinvent itself and emerge stronger together. We must continue to evolve by adopting the latest technologies, whilst upholding our long-lasting commitment to deliver the highest quality of engineering and construction services to our customers. At the same time, we will continue to grow our waste management and cleaning services business and play a part in maintaining a safe environment for the community amidst the COVID-19 pandemic. By remaining disciplined and agile, I am confident that the Group will overcome these uncertain times and come out on top.

Yours sincerely,

Eric Phua
Interim Group Chief Executive & Managing Director

BUSINESS SEGMENTS

ENGINEERING & CONSTRUCTION ("E&C") BUSINESS

First established in 1991 as a general electrical contractor, TEE has grown over the years into a leading integrated engineering and construction solutions provider. With our strong track record of delivering quality integrated engineering solutions, we treasure our reputation as a trusted partner in the engineering industry. Today we offer a full suite of high-value engineering solutions based on international standards that are adopted for large-scale and complex commercial building projects.

We have a strong professional and technical team that provides an array of solutions and services. Armed with the knowledge of the latest engineering and building developments, we are able to provide comprehensive solutions for our clients from Project Management, Construction Management, to Design Management.

Over the years, our major clients include CapitaLand, Changi Airport Group, Dragages Singapore, Frasers Centrepoint, Hyundai Engineering and Construction, Land Transport Authority, Las Vegas Sands Group to name a few. The majority of them are repeat clients, which bear testimony to our work quality and ability to deliver in our focus areas of Building Services, Asset Enhancement Initiatives works, and Transport Infrastructure.

MECHANICAL AND ELECTRICAL ("M&E") DIVISION

TEE's M&E Engineering division 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.

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

To continuously drive our productivity and shorten project timelines, we have implemented various productivity technologies such as Design for Manufacturing & Assembly (DfMA). In fact, we are the first to implement DfMA for a large-scale high-rise Mechanical, Electrical & Plumbing project. The success of this DfMA project implementation has led our Engineering & Construction team to place a greater emphasis on the use of productivity technologies in future projects including virtual design construction and integrated digital delivery.

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"). In addition to general building works, PBT is also well-known in the industry for mission critical Asset Enhancement Initiative ("AEI") works.

The engineering services that PBT provides 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 derived from time and cost savings, to our clients.

INFRASTRUCTURE BUSINESS

TEE's wholly-owned subsidiary, TEE Infrastructure Private Limited ("TEE Infrastructure") was established to provide environmental-related services and investment in infrastructure projects.

ENVIRONMENTAL DIVISION

With more than 20 years of experience in the waste management industry, TEE Environmental Pte. Ltd. ("TEE Environmental") is one of the leading industrial & commercial waste management companies in Singapore. TEE Environmental offers an integrated waste management solution that is supported by the recycling and cleaning services. This includes on-site and off-site waste management including the collection and transport of waste and the processing of recyclables like paper and plastics. We also provide top-of-the-line equipment that are customised to suit our clients' waste solutions, as well as prompt and efficient 24/7 customer service.

As an essential services provider, TEE Environmental has expanded its range of cleaning solutions and is one of the preferred disinfection service providers for hotels, retail and commercial premises to ensure these spaces are COVID-19 free.

Over the years, we have formed lasting relationships with clients for the betterment of the environment through our green outreach programs & activities and actively supporting socially responsible causes, programs & activities. Our major clients include multinational corporations, Government organisations, education & medical institutions and retail malls owners.

INVESTMENTS

TEE Infrastructure has a 21.05% stake in PowerSource Philippines Distributed Power Holdings, Inc which owns, constructs and operates a 25-megawatt greenfield thermal hybrid power plant in the Philippines. The plant has been commissioned and operational since June 2018.

TEE Infrastructure, through its wholly owned subsidiary TEE Water Pte. Ltd., owns a 49% stake in Global Environmental Technology Co., Ltd. ("GETCO") in Thailand. With a total capacity of 350 million litres per day, GETCO is one of Thailand's largest waste water treatment companies. Serving its commercial, industrial, business and residential customers in Thailand, GETCO owns and operates a wastewater treatment plant in Bang Poo and also operates Bangkok's first underground wastewater treatment plant in Bang Sue.

OPERATING REVIEW

COVID-19

Since the WHO declared COVID-19 a pandemic in early March 2020, countries all around the world have implemented lockdowns to slow the spread of the virus. Malaysia introduced the Movement Control Order ("MCO") since mid-March, and Singapore announced a series of circuit breaker ("CB") measures from 7 April 2020 lasting until 1 June 2020. As a result of these government regulations, TEE experienced significant disruption to its E&C business, although this was slightly cushioned by our ongoing projects, which included several essential works which were allowed to continue throughout the lockdown.

ENGINEERING & CONSTRUCTION ("E&C") BUSINESS

In FY2020, the E&C business continued to carry the business forward with new contract wins. During the year, the E&C team had secured approximately S$188 million worth of new contracts to carry out M&E engineering works and AEI works for mainly commercial buildings, mission-critical transport infrastructure and data centre.

During the year, we maintained a strong order book and continued to bid for more projects. TEE E&C's project pipeline continues to be strong. As of 31 May 2020, TEE's outstanding E&C order book stands at S$272 million. Subsequent to this, we continued to secure new contracts from repeat clients in the transport infrastructure segment. The team has participated in more than S$500 million worth of projects with more than half of these tenders in the final phases of the tendering process. We expect to continually grow our order book intake so as to maintain a healthy order book level. While we actively participate in tenders for M&E and AEI projects, we remain selective of the type of tenders we participate in. For large-scale projects, we focus on pursuing projects that are high in value requiring complex engineering services, typically for commercial buildings and data centres. Concurrently, we also bid for shorter turnaround AEI projects where we have accumulated a strong track record for mission-critical projects for operational commercial buildings and transport infrastructure.

The E&C business margins will continue to face pressure as tender prices become more competitive alongside rising manpower, material costs, and the new norms of project execution due to COVID-19. In order to sharpen our competitive edge, we are refining our pricing strategies to mitigate the impact of margin erosion. This is coupled with our plan to maintain a lean and efficient workforce and remove discretionary spending to bring down overall operating costs.

To keep ahead of the competition, the E&C team will boost its efforts in implementing Design for Manufacturing and Assembly ("DfMA") for Mechanical, Electrical and Plumbing ("MEP") modular systems. TEE is the first contractor to implement DfMA for high rise building locally. Besides DfMA, we are also moving into virtual design construction and integrated digital delivery.

The push for these technologies is on the rise and in line with industry's approach to drive productivity and reduce the reliance on physical labour and to improve site coordination especially in these pandemic times. While these technologies are not mandatory, we are already prepared for the future to stay ahead of our competitors.

INFRASTRUCTURE BUSINESS

The Environmental business under TEE Environmental Pte. Ltd. ("TEE Environmental") has achieved significant improvement despite the impact from the ongoing pandemic. An essential service provider, TEE Environmental is able to swiftly leverage on the growing demand for waste management services especially from the foreign worker accommodation segment during this period. In addition, a new COVID-19 Disinfection Service was also launched in May 2020 to provide disinfection services for hotels and other commercial premises that were visited by confirmed COVID-19 cases; thereby generating a new revenue source for the business. TEE Environmental is on track in harnessing technology to streamline operations to improve efficiency and reduce overhead costs. The team remains focused in redefining its business mix and move away from more onerous contracts by targeting higher margin segments. TEE Environmental plans to aggressively expand into the Municipal Solid Waste ("MSW") Sectors by actively participating in the upcoming tenders for Public Waste Collection, where it has already been pre-qualified to bid for these tenders.

During the year, TEE Environmental closed its small-scale paper and plastic recycling plant in Tuas as the income from this business line was severely impacted by poor economic conditions and China's ban on the import of recyclables.

In FY2019, TEE Infrastructure acquired Arrow Waste Management Pte. Ltd. ("AWM") with the intention to enter the hazardous waste management industry in Singapore with a joint venture partner. As the joint venture partnership did not materialise, TEE Infrastructure decided to exit from the hazardous waste management business by disposing off AWM to focus on developing its general waste and recycling business. In April 2020, TEE Infrastructure entered into a Conditional Sale and Purchase Agreement ("CSPA") with Sustainable Waste Management Holdings Pte. Ltd. for the proposed disposal of AWM for a total consideration of S$1,850,000. However, TEE Infrastructure received a notice of termination of the CSPA on various grounds and legal advice has been sought. TEE will make further announcements to update shareholders on the status of the proposed disposal in due course.

TEE Infrastructure continues to explore the sale of its 21.05% stake in Powersource Philippines Distributed Power Holdings Inc., where its 25-megawatt thermal hybrid power plant has been operational for more than a year. In addition, GETCO continues to provide efficient operating and maintenance services for its two wastewater treatment plants in Bangkok, Thailand, and will participate in tenders for new Operation and Maintenance ("O&M") contracts in Thailand.

REAL ESTATE BUSINESS

In February 2020, TEE completed the sale of its 63.28% stake in TEE Land Limited to a unit of Malaysia's Amcorp Group for S$50.6 million in cash, or S$0.179 per share. Subsequent to the disposal, the Group has fully exited the real estate business.

FINANCIAL HIGHLIGHTS

	2020	2019	2020	2019
	Continuing Operations		Discontinued Operations (Restated)	
FOR THE YEAR (S$'000)				
Revenue	329,945	249,338	47,877	113,963
Gross Profit	(1,085)	17,680	8,624	13,136
Operating (loss)/profit (EBIT)	(18,750)	1,618	(29,938)	(15,704)
Loss for the year	(29,200)	(5,084)	(35,365)	(24,526)
Loss attributable to Owner of the Company	(27,694)	(3,732)	(31,860)	(14,441)

AT YEAR END (S$'000)				
Current assets	252,826	530,479		
Total assets	308,157	653,188		
Current liabilities	257,775	344,653		
Total liabilities	289,508	521,850		
Total debts (including finance leases and leases)	93,633	308,717		
Equity attributable to Owner of the Company	22,167	80,871		
Total equity	18,649	131,338		
Number of shares (excluding treasury shares) as at 31 May ('000)	646,882	646,882		
Net asset value per share (cents)	3.4	12.5		

FINANCIAL REVIEW

INCOME STATEMENT

Revenue increased by S$80.6 million, an increase of 32.3% year-on-year, mainly due to higher revenue from engineering projects during the first nine months of the financial year. However, due to the Circuit Breaker in the 4th quarter of the financial year, revenue was significantly affected via the suspension of most of our ongoing engineering projects.

Cost of sales increased at a higher percentage rate of 42.9% over the past financial year, as compared to an increase in revenue of 32.3%, mainly due to:

(a) Additional costs incurred on completed engineering contracts in a Malaysian subsidiary, largely due to writing-off certain costs which are no longer recoverable from customers who had become insolvent and costs provided for defect liability periods.

The insolvent customer was the main contractor of a government housing project in Malaysia. One of our subsidiaries in Malaysia, TEE E&C (Malaysia) Sdn. Bhd. ("TEE E&C"), was the subcontractor for this main contractor. This customer became insolvent and the project was terminated subsequently. In total, costs which were no longer recoverable from this customer amounting to S$1.8m were written off. This customer is not a major customer of TEE Group in view of the smaller size of the contract sum.

The higher cost of sales was also due to TEE E&C's additional cost provided for the defect period of S$2.0 million and additional costs incurred upon completion of certain projects amounting to S$1.3 million. The increase in cost of sales in the infrastructure business is mainly due to the operating costs of a paper and plastic recycling plant;

(b) Downward revision in gross profit margin for ongoing engineering contracts taking into consideration COVID-19 impact; and

(c) Unavoidable costs incurred during the Circuit Breaker period even though construction works had been suspended on most engineering contracts.

These primarily refer to fixed overhead costs that the Group still has to bear despite the government mandated suspension of most construction projects in Singapore during Circuit Breaker period as well as additional costs incurred for the implementation of safety measures during this period. These costs mainly consist of payroll and its related costs, rental of offices and equipment etc.

As a result, the Group recorded a gross loss of S$1.1 million as compared to a gross profit of S$17.7 million in FY2019.

Other operating income increased by S$2.4 million mainly due to government grants received.

Other operating expenses increased by S$2.3 million mainly due to impairment of certain fixed assets amounting to S$1.6 million.

Finance costs increased by S$1.9 million mainly due to increase in redemption interest expense of S$1.7 million incurred on the US$15.0 million 3-year notes due 19 December 2020 which was prematurely redeemed in February 2020. Under the terms of the notes issued in December 2017, penalty interest had to be paid for the early redemption before 19 December 2020, the original maturity date of the secured notes.

Income tax expense increased by S$1.9 million mainly due to under provision of income tax in respect of prior years of an overseas subsidiary. Additional provision for tax was made on the grounds of prudence even though the subsidiary is in the process of appealing to the tax authorities.

Loss from discontinued operations increased by S$10.8 million to S$35.4 million due to a (a) S$20.3 million loss on the disposal of TEE Land Limited ("TEE Land") and S$10.5 million in losses attributable to TEE Land as compared to S$23.8 million losses attributable to TEE Land in FY2019; and (b) S$4.5 million loss attributable to Arrow Waste Management Pte. Ltd. ("AWM") as compared to S$0.8 million in FY2019.

Overall, the Group reported loss after tax of S$64.6 million for the financial year as compared to loss after tax of S$29.6 million in FY2019.

FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

Total assets were S$308.2 million as at end of the financial year. Excluding the total assets from TEE Land Limited ("TEE Land") of S$392.7 million as at 31 May 2019, there was an increase in total assets of S$48.0 million arising from continuing operations. The increase of S$48.0 million from S$260.2 million arising from continuing operations was due mainly to increase in right-of-use assets of S$31.3 million arising from the adoption of SFRS(I) 16 Leases and increase in cash and cash equivalents and contract assets of approximately S$14.9 million and S$4.6 million respectively.

Total liabilities were S$289.5 million as at end of the financial year. Excluding the total liabilities associated with TEE Land amounting to S$266.1 million as at 31 May 2019, there was an increase of S$34.0 million. The increase of S$34.0 million was due mainly to increase in lease liabilities of S$32.1 million, bank loans and overdraft of S$11.0 million and other payables of S$5.7 million. The increase was partially offset by the full redemption of notes payable of S$21.0 million.

STATEMENT OF CASH FLOWS

Operating activities

Net cash from operating activities was S$18.9 million due mainly to net cash inflow arising from changes in working capital of S$37.3 million being offset with cash outflows arising from operating cash flows before movements in working capital of S$12.5 million, interest paid of S$3.5 million and tax paid of S$2.4 million.

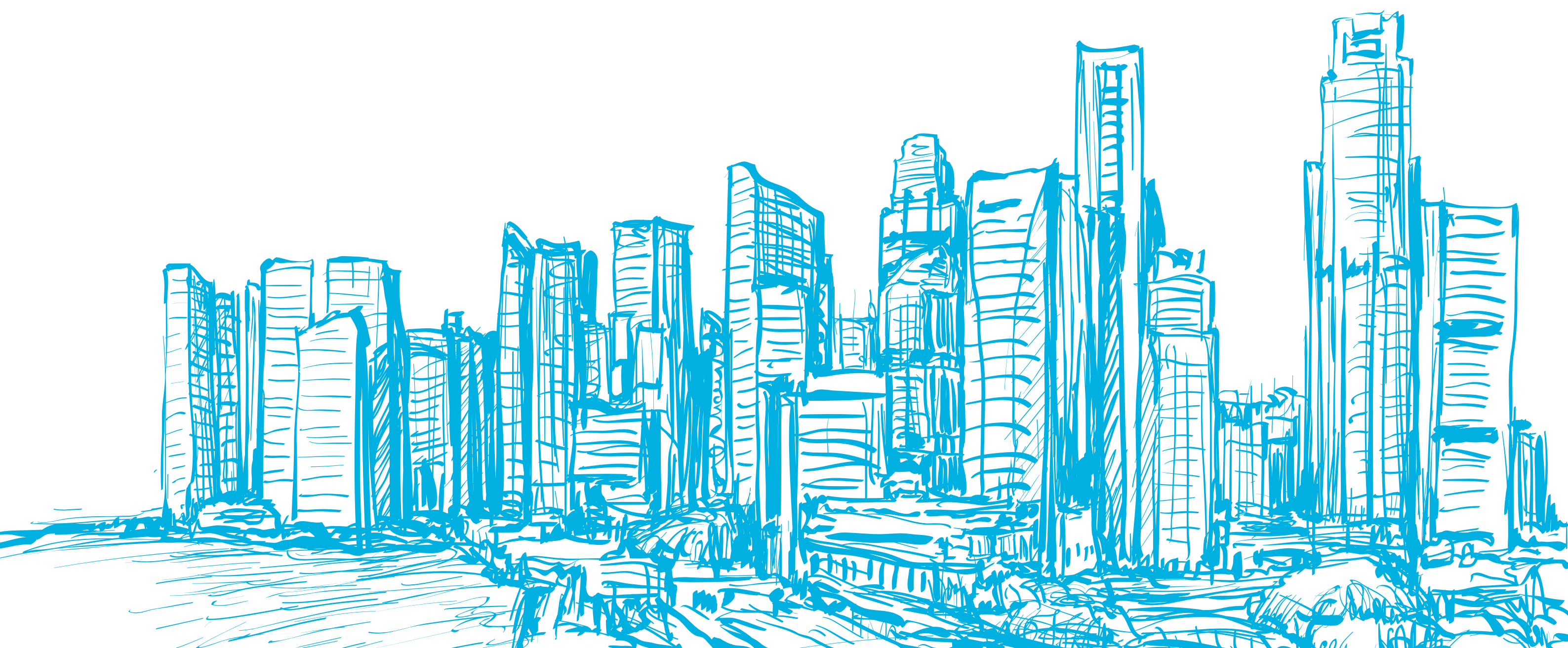
Investing activities

Net cash from investing activities was S$24.5 million due mainly to net cash inflows from disposal of a subsidiary.

Financing activities

Net cash used in financing activities was S$50.4 million due mainly to repayment of borrowing and full redemption of notes payable.

As a result, the Group recorded a net decrease in cash and cash equivalents of S$7.0 million.



INVESTOR RELATIONS

TEE 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, shareholders, the financial community, the media and the public, which will ultimately contribute to achieving a fair valuation of the Group.

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 practice 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 Singapore Exchange Limited Securities Trading ("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.

ENGAGING STAKEHOLDERS

The Group engages financial analysts, existing and potential investors, as well as 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 abreast of the Group's financial performance and to discuss its business strategies and outlook.

DIVIDEND POLICY

We do 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 of Directors may deem appropriate.

IR CALENDAR

2020

JAN	Announcement of FY2020 Half-Year Results
APR	Announcement of FY2020 Third Quarter Results
MAY	Financial Year End
JUL	Announcement of FY2020 Full-Year Results
OCT	20th Annual General Meeting
OCT	Announcement of FY2021 First Quarter Results

2021

JAN	Announcement of FY2021 Half-Year Results
APR	Announcement of FY2021 Third Quarter Results
MAY	Financial Year End
JUL	Announcement of FY2021 Full-Year Results
SEP	21st Annual General Meeting
OCT	Announcement of FY2022 First Quarter Results

INVESTORS, SHAREHOLDERS AND MEDIA CONTACT

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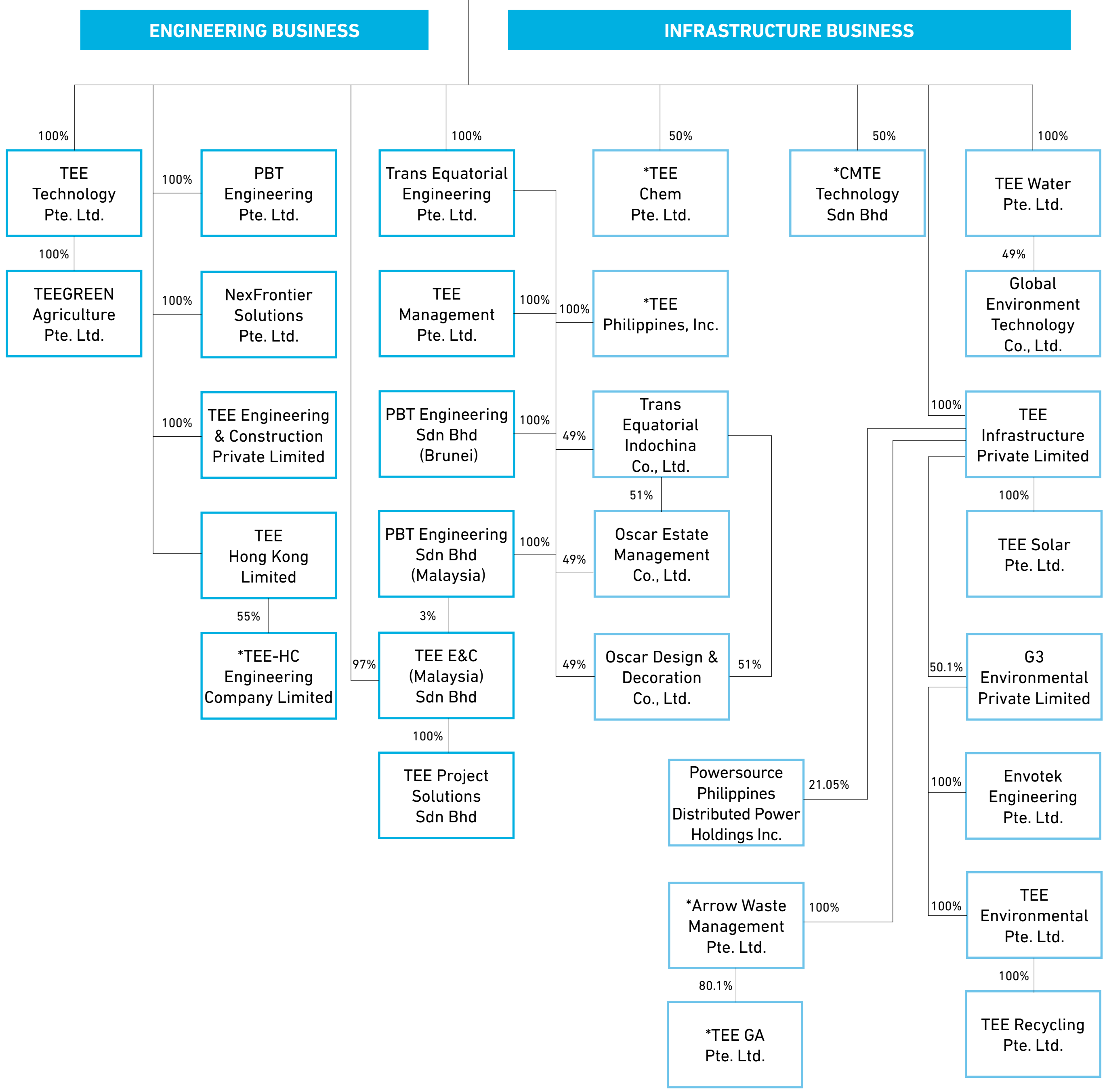
CORPORATE STRUCTURE



*In the process of deregistration/closure.
As at 31 May 2020

BOARD OF DIRECTORS

MR. TEO YI-DAR, 49

Non-Executive Director, Non-Independent Director

Mr. Teo was appointed as Non-Executive, Non-Independent Director of the Company on 7 September 2020.

Mr. Teo is a Partner of Altair Capital General Partner Limited ("ACGP"). ACGP manages the investment operation of Altair ASEAN Fund Limited Partnership.

Mr. Teo started his career as an Engineer in SGS-Thomas Microelectronics and moved on to Keppel Corporation Ltd, conducting business development activities for Keppel's offshore and marine businesses. In 1999, he joined Boston-based Advent International Private Equity Group to conduct direct investments in to Asian based businesses.

Mr. Teo is currently the Chairman of SGX Mainboard listed HG Metal Manufacturing Ltd and Sin Heng Heavy Machinery Limited. He is also a director of several other companies listed in Singapore, Hong Kong and China.

Mr. Teo holds two Masters' degrees: Master of Science Degree in Industrial and Systems Engineering (1998) and Master of Science Degree in Applied Finance (2000) from the National University of Singapore. Mr. Teo graduated from the same university with a Bachelor of Electrical Engineering (Honours) in 1996. Mr. Teo was accredited as a Chartered Financial Analyst by the CFA Institute in 2001.

MR. GARY NG JIT MENG, 47

Non-Executive Director, Non-Independent Director

Mr. Ng was appointed as Non-Executive, Non-Independent Director of the Company on 7 September 2020.

Mr. Ng is a Partner of Altair Capital General Partner Limited ("ACGP"). ACGP manages the investment operation of Altair ASEAN Fund Limited Partnership.

Mr. Ng started his career as an audit professional with PricewaterhouseCoopers, focusing on audit and due diligence of numerous listed companies and MNCs. In 2000, he joined a mid-cap private equity firm CLSA Capital Partners and rapidly progressed to the position of Managing Director, where he was an Investment Committee member and led numerous investments in South-East Asia and South Asia.

Mr. Ng holds a Bachelor degree in Accountancy from Nanyang Business School. He is qualified as a Chartered Financial Analyst and completed the General Management Program from Harvard Business School. Mr. Ng serves as the Vice Chair of Singapore Venture Capital and Private Equity Association.

MR. PHUA BOON KIN, 58

Interim Group Chief Executive and Managing Director

Mr. Phua was appointed to the Board of Directors on 1 September 2008 and was last re-elected a Director of the Company on 26 September 2018.

Mr. Phua holds the post of Interim Group Chief Executive 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 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 been with TEE Group for the past 29 years and has held various appointments in both of these subsidiaries.

He is also a Company Director in PBT Engineering Pte. Ltd., TEE Technology Pte. Ltd., Trans Equatorial Engineering Pte. Ltd., TEE Management Pte. Ltd. and TEE Engineering & Construction Private Limited.

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

MS. SAW CHIN CHOO, 58

Executive Director

Ms. Saw was appointed to the Board of Directors on 10 September 2004 and was last re-elected a Director of the Company on 13 November 2017.

Ms. Saw was re-designated to Managing Director, Green Field and Special Projects on 1 July 2019. She is responsible for projects relating to the building & construction of greenfield projects. She also concurrently oversees the Group's Malaysia and Brunei's engineering operations.

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 Coordinator and Vantage Construction Pte Ltd as Manager and Company Director.

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

BOARD OF DIRECTORS

MR. GN HIANG MENG, 72
Independent Director

Mr. Gn was appointed an Independent Director of the Company on 1 June 2013 and was last re-elected a Director of the Company on 13 November 2017. He currently serves as Chairman of the Audit Committee, Nominating 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 the investment banking and stock-broking businesses prior to his resignation in 2001. He was the Deputy President of UOL Group from 2001 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, 56
Independent Director

Mr. Loh was appointed an Independent Director of the Company on 1 August 2014 and was last re-elected a Director of the Company on 26 September 2018. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr. Loh was formerly an audit partner at Deloitte & Touche LLP, Singapore. He currently runs his own accounting practices. Mr. Loh is also an Independent Director of Noel Gifts International Ltd.

Mr. Loh holds a Bachelor Degree of Accountancy (2nd 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.

PROFESSOR SIOW YUEN KHONG ALEX, 66
Independent Director

Professor Siow was appointed an Independent Director of the Company on 18 February 2020. He currently serves as member of the Audit Committee, member of the Nominating Committee and member of the Remuneration Committee.

Professor Siow is currently Professor (Practice) in the School of Computing, NUS and concurrently Director of the Advanced Computing for Executives Centre, the Strategic Technology Management Institute (STMI) and the Centre for Health Informatics. Professor Siow started his career as a Structural Engineer in the HDB in 1981 and was appointed the Chief Information Officer in 1989. In 2003, Professor Siow joined the private sector and became the Senior Vice-President in StarHub Ltd. He held various portfolios including Head, Business Market, CIO and Head, Enterprise Risk Management.

Professor Siow is a member of Temasek Polytechnic Board of Governors, a member of the Board of Trustees of Singapore University of Social Sciences and a board member of Thye Hua Kwan Ang Mo Kio Hospital. He is also the Chairman of the Board of Directors of Toffs Technologies Pte Ltd.

Professor Siow graduated with a Bachelor of Engineering (Civil) degree from Stuttgart Institute of Technology in July 1979 and a Master of Science (Engineering) (Construction Management) degree from the University of Birmingham in December 1986. He had also attended the Senior Management Programme at INSEAD, France in 1995.

KEY EXECUTIVES

MR. SIM GEOK SOON
Managing Director of Special Projects, Engineering

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. Sim is a Company Director of the Company's subsidiary Trans Equatorial Engineering Pte. Ltd..

MR. EWE TUCK FOONG
Chief Financial Officer

Mr. Ewe was appointed as the Chief Financial Officer on 9 June 2020. Mr. Ewe has approximately 18 years of experience in accounting and financial management. As the Chief Financial Officer, Mr. Ewe is mainly responsible for managing the finance department, dealing with all financial matters and all matters in relation to the Singapore Exchange.

Mr. Ewe is a fellow member of the Association of Chartered Certified Accountants and also a member of the Institute of Singapore Chartered Accountants.

MR. VINCENT TOH CHIEN JUIN
Executive Director, Trans Equatorial Engineering Pte. Ltd.

Mr. Toh joined TEE Group in 1998. He was appointed as Company Director of Trans Equatorial Engineering Pte. Ltd. in August 2010. Mr. Toh leads and drives the Mechanical, Electrical, Plumbing, Sanitary and Fire Protection (MEPF) Systems Works for large-scale projects under the M&E Division of TEE Group's Engineering and Construction business. With more than 20 years of experience in the Engineering field, Mr. Toh has to date successfully led the team to complete the large-scale MEPF systems works for Asia Square Tower One and Marina One with a total contract value of more than S$300 million.

Mr. Toh graduated from Ngee Ann Polytechnic with a Diploma in Electrical Engineering in August 1998.

MR. HENRY CHIA YOKE HENG
Executive Director, PBT Engineering Pte. Ltd.

Mr. Chia joined the Group in 2004. He was appointed as Company Director of PBT Engineering Pte. Ltd. in June 2015.

Mr. Chia leads and drives the construction and management of Asset Enhancement Initiatives (AEI) and Mission Critical projects. With more than 20 years of experience in the Building and Construction field, Mr. Chia has successfully completed AEI and mission critical projects for commercial, industrial, healthcare, institution of higher-learning, transport infrastructure developments.

Mr. Chia holds a Master of Science (Building Science) from National University of Singapore and Bachelor (Honours) of Engineering (Civil Engineering).

MR. PHUA CHER CHUAN KEVIN
Executive Director, TEE Infrastructure Pte. Ltd.

Mr. Phua joined the Group in 2005 and leads the TEE Infrastructure businesses, which include the environmental business and oversees investments. In addition to the Group's infrastructure business, Mr. Phua also drives the Merger and Acquisition projects and other corporate exercises of the Group.

Mr. Phua graduated from Nanyang Technological University with a Bachelor of Engineering degree in May 1994 and from the National University of Singapore with a Master of Science (Electrical Engineering) degree in July 1999.

MR. LIM CHIN KHUANG
Managing Director, TEE Environmental Pte. Ltd.

Mr. Lim joined the Group in May 2019 and oversees the waste management business. Under his leadership, Mr. Lim drives the implementation of various strategies and initiatives for TEE Environmental.

Prior to joining the Group, Mr. Lim held the position of Senior Vice President of SembWaste Pte Ltd and Sembcorp Environment Pte Ltd. Mr. Lim's career with Sembcorp Environment Pte Ltd spanned over 17 years and was overall in charge of its waste management business from 2011 to 2019.

Mr. Lim holds a Master of Management from Macquarie University.

MS. CELINE OOI
Senior Manager, 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 more than 10 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.

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

SUSTAINABILITY REPORT

1. BOARD STATEMENT

This report marks the Group's third year of sustainability reporting. The Board believes this report is a reasonable and clear presentation of the Company's plans and of its environmental, social and governance performance. The Board has emphasised that management will continue to be evaluated by its success in executing the Company's strategic plan to meet stakeholders' and the Board's expectations, including being agile in responding to changing circumstances while respecting the commitments in this report.

The Board has assigned the responsibility for monitoring and overseeing the Company's sustainability efforts to the Sustainability Committee, which is chaired by the Interim Group Chief Executive and Managing Director and key executives across business functions and business segments in the Group. The Board reviewed and discussed the final text of this report before its adoption of a formal resolution approving the report.

The Group conducted our first materiality analysis and published our inaugural sustainability report in 2018. This year, we have continued to report on the material topics and have further aligned them to our three Sustainability Focus Areas, namely Our Business, Our Environment and Our People. Our values and principles continue to guide us, providing a balanced consideration of economy, environment, and people.

The current COVID-19 pandemic is a challenging time but our top priorities are ensuring business contingency plans are working effectively and efficiently and the well-being of all our employees especially our workers. We are re-inventing the way we work while maintaining safety precautions in line with the local health advisories. All TEE's offices and subsidiaries are equipped with sanitation facilities, temperature screening and the implementation of safe entry check in/out systems. We continue to pay close attention to the development of this virus as well as the advisories from the health authorities to ensure health and safety of all our employees remain our top priority.

2. REPORTING PRACTICE AND BOUNDARY

TEE's third sustainability report covers the Group's sustainability performance for the financial year ended 31 May 2020. The scope of the Group's sustainability report includes the headquarters TEE, as well as the infrastructure entities – TEE Infrastructure Private Limited ("TEE Infra"), TEE Environmental Pte. Ltd. ("TEE Environmental"), TEE Recycling Pte. Ltd.; and the engineering and construction entities – Trans Equatorial Engineering Pte. Ltd. (Trans") and PBT Engineering Pte. Ltd. ("PBT"). With the exception of employee headcount, which includes our operations in Hong Kong, Malaysia and Thailand, the boundary for all data reported covers operations in Singapore only.

The report has been prepared with reference to the GRI Standards and will continue to be published on an annual basis.

Our Sustainability Report provides us with a valuable opportunity to engage our stakeholders and respond to issues that matter most to them and to our business. The report can also be found online at **www.teeintl.com**. We value your interest in our report and welcome questions, comments and suggestions at **IR@teeintl.com**.

3. OUR STAKEHOLDERS

The sustainability committee continues to engage the different business segments as well as vendors, contractors, employees to further understand emerging issues and concerns.

Key Stakeholders	Significance to TEE Group	Topics of Interest	Engagement Channels
EMPLOYEES	Our people are one of our most valuable assets. The well-being and capabilities of our employees ensure their continual contributions to the success of all aspects of our businesses.	• Benefits and remuneration • Career progression • Training and development • Employee well-being and welfare	• Internal and external trainings • Staff appraisal • Onboarding and orientation • Ongoing sharing sessions and dialogues • Management feedback sessions

SUSTAINABILITY REPORT

CUSTOMERS (Engineering Business)	The Engineering business delivers a full suite of high-value engineering solutions on a timely basis without compromising on quality. Fulfilling customers' requirements while adhering to various regulatory requirements is of utmost importance.	• Project management • Ability to meet requirements • Timeline and execution • Work quality	• Ongoing dialogues and meetings • Feedback form for analysis of performance
CUSTOMERS (Infrastructure Business)	TEE Infrastructure's environmental division offers a full suite of waste management solutions in accordance to customers' requirements. We do so while striving to be more environmentally-friendly.	• Service management • Ability to meet requirements • Execution and quality of service	• Customer service hotline • Ongoing engagement with clients
SUPPLIERS & VENDORS	In line with our goal of delivering quality products and services to our customers, we work with reliable contractors with good track records to ensure our projects are delivered in a timely manner without compromising on quality.	• Company financial strength • Payment terms	• Regular project progress updates • Project meetings
GOVERNMENT & REGULATORS	Being a Mainboard listed company on the SGX-ST, we are required to comply with the requirements of the listing rules of SGX-ST as well as the Securities and Futures Act. Relevant permits and licences are obtained from the relevant authorities such as the Building and Construction Authority ("BCA"), Ministry of Manpower ("MOM") and National Environment Agency ("NEA").	• Compliance with laws and regulations as mandated by the relevant authorities • Anti-corruption and bribery	• Announcements via SGXNet • Ongoing engagement with clients • Annual Report • Sustainability Report • Attending seminars and trainings conducted by regulatory bodies • Direct engagement with authorities • Newsletter updates
SHAREHOLDERS & INVESTORS	We view our shareholders as our utmost supporters as we continue to grow the Group. We fully understand the need to address their concerns, as well as share timely and accurate information about TEE Group with our shareholders to enable a transparent assessment of TEE Group's financial performance and state of affairs. This is in accordance to our Investor Relations policy.	• Group business strategy and developments • Financial performance • Dividend policy • Risk management • Operational efficiency • Regulatory compliance • Corporate Governance	• General Meetings • Announcements via SGXNet • Annual Report • Investor Relations team • Company website • Media releases
SOCIETY	The Group strives to have a positive impact on the community. We are dedicated to being a model corporate citizen who positively contributes to the community and encourages the spirit of volunteerism.	• Charitable contribution • Volunteering activities	• Corporate Social Responsibility (CSR) programme • Community service events
MEDIA & ANALYST	In line with our proactive investor and media relations approach, TEE Group regularly engages the media and analysts to keep them updated on our various corporate activities while gaining different perspectives on our business performance.	• Company performance • Valuation and stock performance • Corporate Governance	• Interviews • Press releases • Face-to-face meetings
STRATEGIC PARTNERS	Our strategic partners help complement our capabilities to provide our customers with the best services and products.	• Financial performance • Track records and reputation	• Ongoing meetings and dialogues • Business reviews

SUSTAINABILITY REPORT

4. APPROACH TO SUSTAINABILITY AND MATERIALITY ANALYSIS

At the Group, sustainability is embedded in our business model. We place a strong emphasis on high standards of corporate governance and stringent risk management practices. Integrating sustainability best practices in our business guides us in formulating our business strategy and how it impacts on our people, environment and communities we work in.

We have also reviewed our material topics to check that we are responding appropriately to emerging concerns or legislation as well as to identify opportunities for improvement. There are no changes to the Group's material topics and Sustainability Focus Areas for FY2020. We continue to use GRI standards as a reference to report on our selected material topics and have provided further insight on our emissions use by including data on emission intensity this year.

Sustainability Focus Areas	Material Topics	Relevant GRI Standard reported
Our Business	Economic Performance	GRI 201-1
	Procurement Practices	GRI 204-1
	Anti-Corruption	GRI 205-3
Our Environment	Energy & Emissions	GRI 302-1, GRI 305-1, GRI 305-2 GRI 305-4*
	Water	GRI 303-1
	Effluents & Waste	GRI 306-2
	Environment Compliance	GRI 307-1
Our People	Employment	GRI 401-1
	Diversity & Equal Opportunity	GRI 405-1
	Training & Education	GRI 404-1
	Occupational Health & Safety	GRI 403-2

**Additional GRI Standard that we have included in our report for FY2020*

5. OUR SUSTAINABILITY FOCUS AREAS

OUR BUSINESS

As an established integrated engineering and infrastructure group, we strive to deliver quality and value-added services to our customers. With an expansive network of businesses under the Engineering and Infrastructure arms, as well as various scales of operations and exposure, we recognise the importance of maintaining stringent ethical work practices. Due to the labour-intensive nature of our businesses, as well as exposure to environmental impacts, TEE is committed to conduct our business in a sustainable and ethical manner. We condemn any form of bribery and our whistle blowing channel allows reporting of any non-compliance or breach of conduct in confidence.

Economic Performance

GRI 201-1

Our Approach

The Group believes in integrating sustainable practices as part of our business strategy in driving long-term growth. We are committed to high standards of business ethics, a nurturing and safe working environment to boost our employee productivity and morale in delivering quality service to our customers. Our sustainability agenda also guides our business strategy in maintaining sustainable economic value for our stakeholders while investing in our people's development and giving back to our communities. TEE is committed to strengthening our economic value to our shareholders while investing in our people and communities.

Our Performance

In FY2020, we have generated an economic value of S$378,494[1] and distributed S$411,535[2] in the form of operating costs, employee wages and benefits, payments to providers of capital, taxes and community investments.

[1] Revenue

[2] Comprises operating costs, employee wages and benefits, payments to providers of capital, payments to taxes and community investments

SUSTAINABILITY REPORT

Procurement & Practices
GRI 204-1

Our Approach
TEE partners with various vendors, contractors and suppliers on delivering quality and value-added services. Thus, maintaining a good working relationship with our partners is vital. We adopt a stringent selection process and only work with vendors with an excellent track record of health and safety standards, compliance to local regulations and certification bodies. High levels of service efficiency without jeopardising on health, safety and environmental standards are prerequisites in our selection process. Where possible, TEE works with local vendors for the projects.

Our Performance
TEE has a predominantly local supply chain; approximately 95 percent of our approximately 1,900 suppliers providing products and services are from the local market. Examples of products procured are equipment, hardware, rental of equipment, fabrication work; while services procured refer to supply and installation services, consultancy services, testing and commissioning services, and calibration services etc.

Anti-corruption
GRI 205-3

Our Approach
The Group believes good governance is important as it helps to guide our businesses to be conducted in a fair and ethical manner, governed by the internal controls and risk management practices. By equipping our businesses with an Enterprise Risk Management framework ("ERM"), best practices standards are recommended for our business segments to adhere to. We take a strong stand towards issues like bribery and corruption and prohibit any form of bribery. In addition, our whistle-blowing policy allows suspected breaches of conduct or conflicts of interest to be reported seamlessly and anonymously. More information on our ERM, internal controls systems, and whistle blowing policy are respectively set out in Provisions 9.1, 9.2 and 10.1 of the Corporate Governance Report. All new employees at the Group undergo a briefing to encourage them to be familiarised with the Group's code of conduct.

Our Performance
There were no confirmed incidents of corruption across our Group in FY2020.

SUSTAINABILITY REPORT

OUR ENVIRONMENT

The Group's objective for Our Environment is to improve the operational performance of our assets whilst actively reducing the environmental impact of our operations. The most significant environmental impact arise from energy, emissions and water consumption from our operations. As such, the greatest impact we can have on reducing these emissions, is through improving energy efficiency of our operations.

Energy & Emissions

GRI 302-1, GRI 305-1, GRI 305-2, 305-4

Our Approach

At businesses and sites where we have operational control, our asset managers monitor consumption and set energy improvement targets. We recognise the energy usage levels used at our sites, which is contributed largely from the environmental business, TEE Environmental, which is held under the Infrastructure business. Our subsidiaries, PBT, Trans and TEE Environmental are ISO 14001:2015 certified. The purpose of ISO 14001 aims to provide organisations with a framework to protect the environment and respond to changing environmental conditions, and will enable PBT and Trans to continually improve our environmental management.

Our Performance

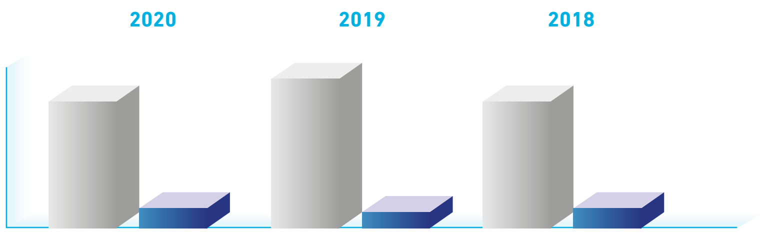
In FY2020, we have seen a 23% decrease in the overall amount of energy consumed. The largest reduction in energy consumption was from our Infrastructure business due to reduced trucks operations during the initial months of the COVID-19 circuit breaker from March to May 2020. Our total energy consumed in FY2020 was 63.10 TJ compared to 80.30 TJ in FY2019. Similarly, our overall Scope 1 and Scope 2 carbon emissions for the Group has also decreased from 6,309 tCO_2 in FY2019 to 4,833 tCO_2 in FY2020. This decrease is largely attributed to the lower fuel consumption from reduced trucks usage in our TEE Infra business.

Our emissions intensity for FY2020 is 14.65 tCO_2 per million revenue, which is lower than our intensity for FY2019 which was 24.10 tCO_2 per million revenue. We will continue to collect information on our energy and emissions consumption, as well as monitor our emissions intensity so that we may better understand our performance over time.

Energy Consumption[3] for the Group

	FY2020			FY2019			FY2018		
Business Entity	**Fuel (TJ)**	**Electricity (TJ)**	**Total (TJ)**	**Fuel (TJ)**	**Electricity (TJ)**	**Total (TJ)**	**Fuel (TJ)**	**Electricity (TJ)**	**Total (TJ)**
TEE International	0	0.50	0.50	0	0.60	0.60	0	0.56	0.56
TEE Infrastructure	56.85	1.42	58.27	75.33	0.96	76.29	39.13	0.81	39.94
TEE Engineering & Construction[6]	2.45	1.88	4.33	2.83	0.58	3.41	-	2.70	2.70
TOTAL	59.30	3.80	63.10	78.16	2.14	80.30	39.13	4.07	43.20

Emissions for the Group



SCOPE 1 (kg CO_2)

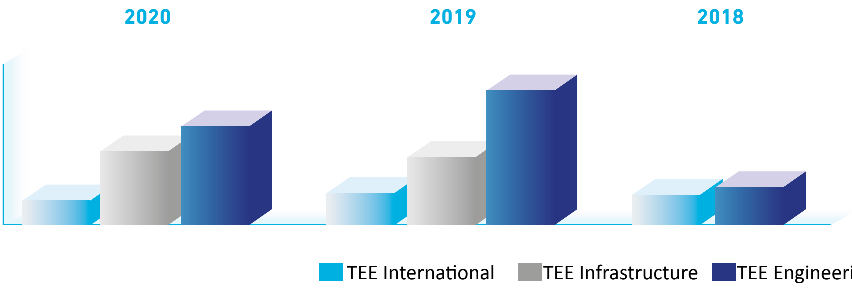
	FY2020	FY2019[4]	FY2018
	0	0	0
	4,212,282.14	5,581,827.60	2,898,961.37
	179,880.01	159,523.22	-
Total	4,392,162.15	5,741,350.82	2,898,961.37

TEE International TEE Infrastructure TEE Engineering & Construction[6]

[3] Based on conversion factors from GHG Protocol Emission Factors from Cross Sector Tools March 2017.

[4] Scope 1 and 2 data for FY2019 has been restated to ensure same boundary of reporting for entities covered in FY2020 and FY2019.

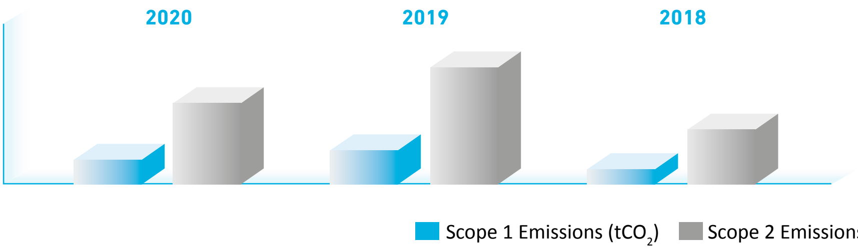
SUSTAINABILITY REPORT



SCOPE 2 (kg CO_2)[4 5]

	FY2020	FY2019[5]	FY2018
	57,757.96	69,915.01	65,429.57
	164,935.26	135,900.87	-
	218,475.14	332,684.97	67,116.44
Total	441,168.37	538,500.85	132,546.01

Overall emissions for the Group



SCOPE 1 & SCOPE 2 (tCO_2)

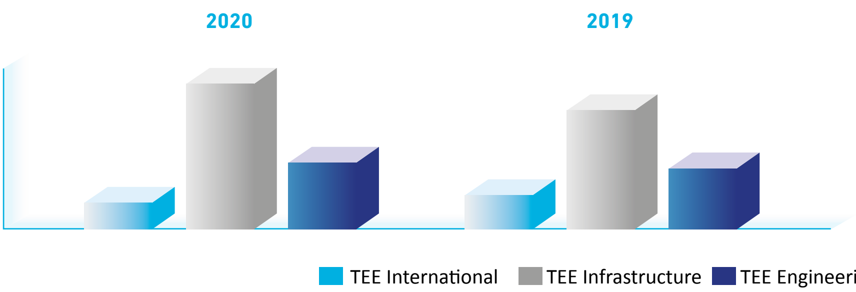
	FY2020	FY2019[4]	FY2018
	4,392.16	5,771.04	2,898.96
	441.17	538.50	132.55
Total	4,833.33	6,309.54	3,031.51

Water
GRI 303-1

Our Approach
Water is essential for the Group's day-to-day operations in the offices and other site locations. As some of our business operations use substantial amounts of water, management of water usage is a priority for the Company. In addition to the use of water efficient taps installed at the office premises, we are also looking at ways to optimise the use of water for the environmental business held under TEE Infrastructure, which contributes to the bulk of the Group's overall water consumption.

Our Performance
We have consumed a total of 10,418.13 m^3 of water in FY2020. This is approximately 53% more than what was consumed in FY2019, the key reason being additional construction sites were included under the TEE Engineering & Construction business, as well as the initial set up of the small-scale plastic and paper recycling plant under TEE Infrastructure.

Water consumption for the Group



	FY2020 (m^3)	FY2019 (m^3)[7]
	577.13	652.16
	6,959.90	4,217.10
	2,881.10	1,925.26
Total	10,418.13	6,794.52

[4] *Scope 1 and 2 data for FY2019 has been restated to ensure same boundary of reporting for entities covered in FY2020 and FY2019.*
[5] *Based on Grid Emission Factor from Energy Market Authority Singapore.*
[6] *Includes electricity used at site offices.*
[7] *Data for FY2019 has been restated to ensure same boundary of reporting for entities covered in FY2020 and FY2019.*

SUSTAINABILITY REPORT

Effluents & Waste
GRI 306-2

Our Approach
Pollution prevention and resource conservation are essential towards sustainable development. The Group has implemented several "green" initiatives from paper recycling, circulating "Go Green" awareness emails to conserving energy and minimising electrical wastage by equipping our office with light sensors.

TEE Environmental is in the waste management and recycling business. As such, the reporting of this section focuses primarily on what TEE has recycled from the Company's business activities.

Our Performance
As part of our environmental business operations in Singapore, we have recycled approximately 12,946 tonnes of plastic, metal, paper and word waste and incinerated 11,010 tonnes of general waste.

For the period 1 Jun 2019 - 31 May 2020

Waste Type	Method of Disposal	Total (in tonnes)
General Waste	Incineration	11,010 tonnes
Plastics	Recycled	426.4 tonnes
Metals	Recycled	428.8 tonnes
Paper	Recycled	11,307 tonnes
Wood	Recycled	783.5 tonnes

Environment Compliance
GRI 307-1

Our Approach
The Group conducts all aspects of our business in a manner that ensures compliance with environmental law. As TEE believes in environmental protection and stewardship, all employees go through environmentally-friendly measures, briefings, courses and trainings, and are encouraged to put it to good use in their respective departments to foster awareness and responsibility. At TEE, we recognise that a material breach of any environmental laws or regulations could have significant impact and result in irreversible reputational damage or lead to other costly liabilities. We adhere to the highest standards of governance practices, which ensure compliance to all applicable laws and regulations.

Our Performance
A robust monitoring structure is in place for our construction projects to ensure that the noise levels are within the permissible levels. Creating walled enclosures around the construction projects and alternative construction methods such as avoidance of impact piling, or specially quieter equipment and installation of mufflers are used to reduce the noise levels during construction. We have not received any significant fines[8] or regulatory sanctions. We strive to be vigilant of our practices to ensure zero incidence of non-compliance. Moving forward, the business unit heads will continue to closely monitor our business operations and activities to ensure compliance with laws and regulations.

[8] *Significant fine is any fine above S$5,000*

SUSTAINABILITY REPORT

OUR PEOPLE

Our employees are our biggest asset and are crucial for the long-term success of the Group. Boosting a nurturing all-inclusive and safe working environment with opportunities for development, all play a part, in keeping our employees engaged. As the nature of the work at TEE's different business segments involve manual work in high risk areas, upholding a stringent health and safety working culture is priority.

Employment

GRI 401-1

Our Approach

People are central to the Group's business model. We hold high regard on the expertise, experiences and capabilities of our people, as they are crucial in our long-term growth. The Group continues to keep our employees engaged to boost employee morale and in turn reduces our turnover rate. The Group is committed to fair employment practices and only hire based on merit without unfair biasness. We are guided by our Code of Business conduct, which promotes equal opportunity.

Our Performance

The Human Resource function at TEE manages the overall HR matters across the Group. At the end of FY2020, our total employee headcount was 768, comprising 99% permanent full-time employees and 1% term contract employees. During the reporting year, there was a turnover of 22.9% and a hiring rate of 34.4%.

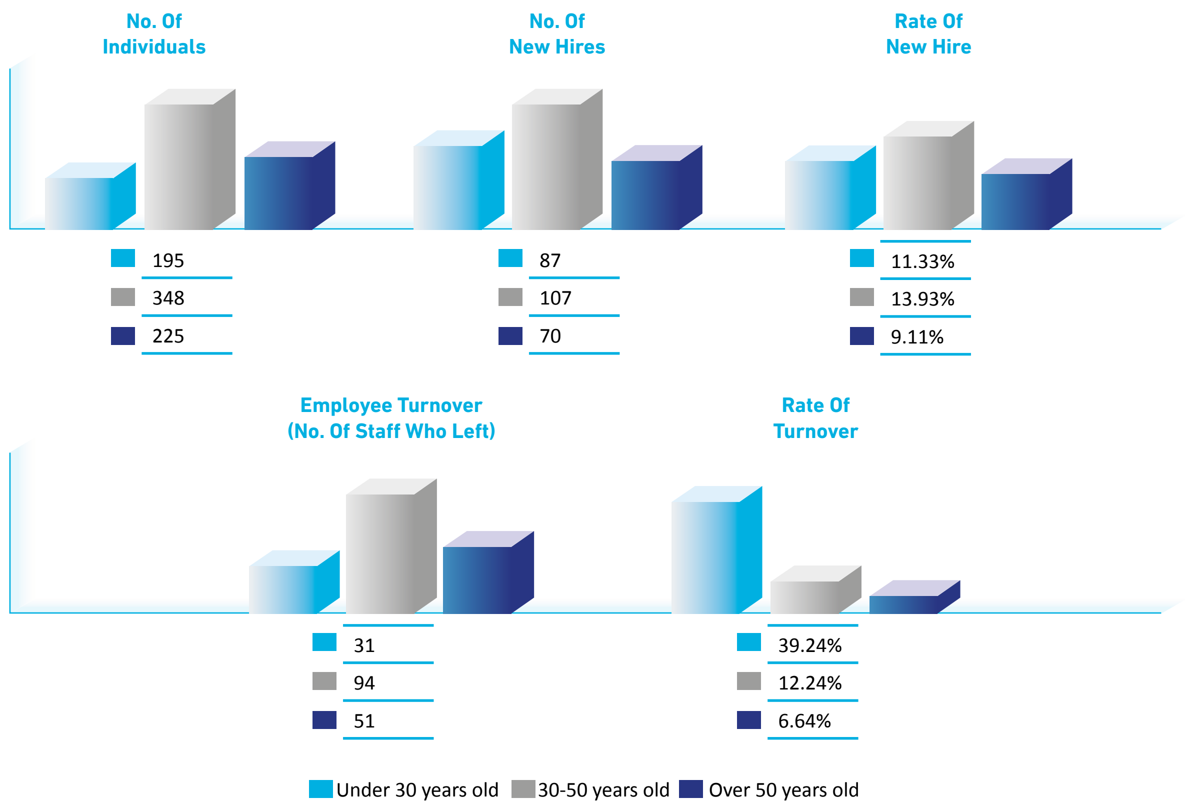
Every employee in the Group receives regular performance and career development reviews, which illustrates our resolve in managing and developing the skills of our human capital. After the review process, employees undergo training courses pertaining to their job requirements to ensure greater efficiency and effectiveness in their performance. As part of the Group's leadership renewal process, TEE identifies and appraise high-potential candidates by assessing each candidate's readiness for new leadership roles to take on.

New employee hire and turnover rate, by age group

GRI 401-1, GRI 405-1

For the period 1 Jun 2019 - 31 May 2020

New Employee Hires By Age Group

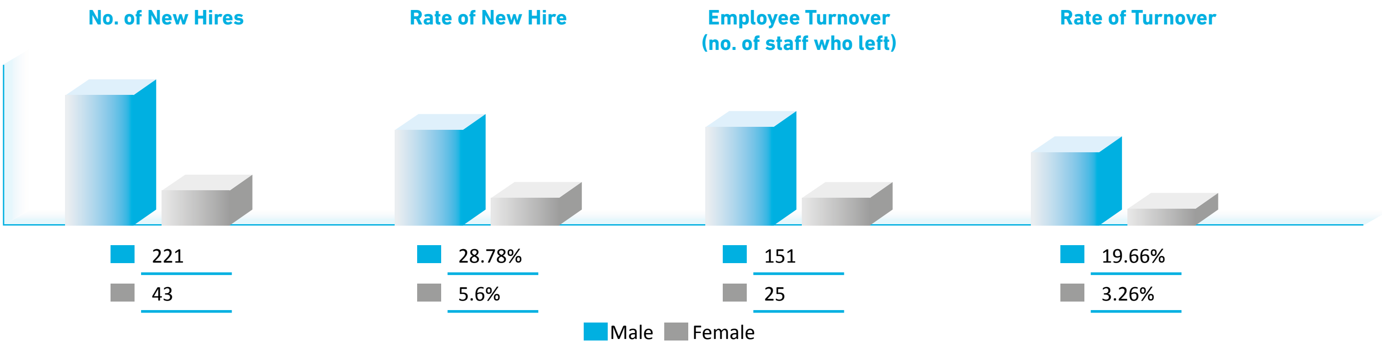


SUSTAINABILITY REPORT

New employee hire and turnover rate, by gender
GRI 401-1

For the period 1 Jun 2019 - 31 May 2020

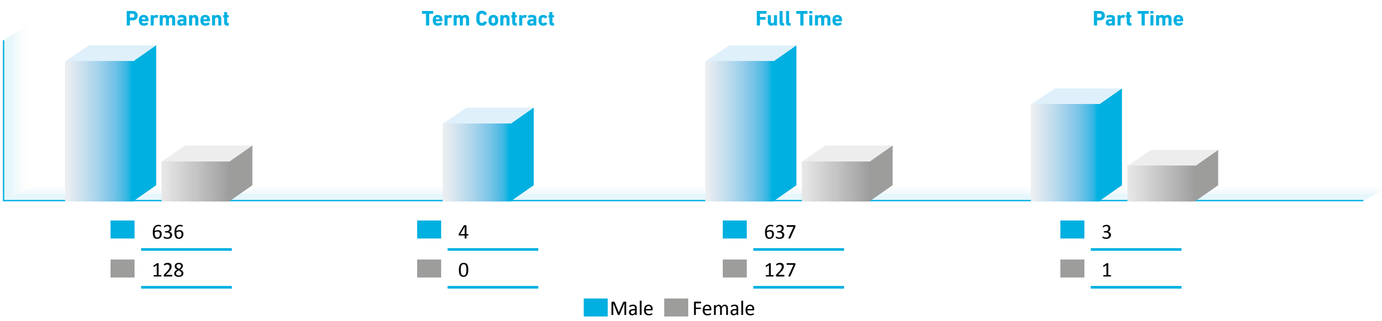
Employee Turnover By Gender



Information on employees and other workers
GRI 102-8

For the period 1 Jun 2019 - 31 May 2020

Employee Type



Diversity & Equal Opportunity
GRI 405-1

Our Approach
The Group encourages an inclusive working environment that supports diversity in all aspects. We hire based on merit and do not tolerate any form of discrimination or biasness. We believe employees will flourish in a nurturing, open and diverse environment where their perspectives and ideas can be inter-exchanged. We ensure fair opportunities providing long-term career development, embracing diversity and valuing all cultures.

Our Performance
Our 768 employees comprise 9 different nationalities. We recognise the need to:
a) respect cultural diversity as part of our inclusive approach to promoting employee's involvement;
b) provide training opportunities in soft and technical skills, especially for female employees; and
c) ensuring health-related support in order to help employees increase their productivity, thus reducing absenteeism rates, as well as promoting women's empowerment.

Due to the nature of work in the TEE's Environmental and TEE's Engineering & Construction business segments, the proportion of males in the Company is significantly larger than the females and is approximately in the ratio of 5:1 respectively.

Training & Education

GRI 404-1

Our Approach

In line with our people-centred approach, our training programmes are an essential element of our investment strategy. This will promote the alignment between business goals and people-related objectives by focusing on key areas such as people development, learning programmes and internal mobility.

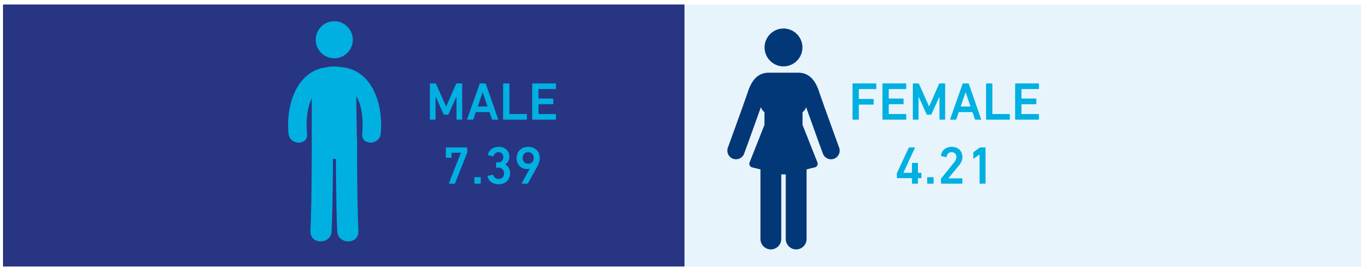
Our Performance

Our employees have achieved a total of 5,267 training hours in FY2020, which is an average of 6.9 hours per person. Examples of training that our employees have attended in FY2020, include soft skills courses such as presentation and communication skills, leadership training, technical related skills, GST and Tax Updates, and legal and regulatory related training. As health and safety is important for all our employees, various types of health and safety training was also provided to different categories of employees.

Average hours of training per year per employee, by category

Employee Category	FY2020
Senior Management	6.77
Managerial	7.00
Executive	3.06
Non-Executive	2.10
Site Operation	8.40
Non-traditional/Skilled Workers	6.93

Average hours of training per year per employee, by gender



Occupational Health & Safety

GRI 403-2

Our Approach

Occupational safety within the Group and along the value chain is a top priority at TEE. As our operations grow in different markets, the safety of our employees is also becoming increasingly important for us to manage. We remain focused on our long-term objective of “zero accidents.” To achieve this, we are continuously working on improving our workplace safety by providing awareness, training and investing in enhancing technical safety.

TEE operates within a Quality, Environmental, Health and Safety Management framework. Under this framework, our subsidiaries, Trans and PBT have been awarded ISO 9001: 2015, ISO 14001: 2015 and SS506: Part 1 certification while TEE Environmental and TEE Recycling have been awarded ISO45001, for our compliance with the high standards of workplace safety and health. TEE also achieved the bizSAFE Star award as a recognition for our efforts in improving workplace safety and health through implementing workplace safety practices and conducting health programmes. We also adopt a comprehensive approach in the education and inculcation of the right mindset in safety culture, starting from the top management and extending it down to all levels of our workforce. This way, we seek to motivate more employee involvement and commitment in ensuring a safe and healthy working environment for all.

Our Performance

Across the Group, there were 6 reportable cases in FY2020 and a total of 262 lost days under TEE Infrastructure. We will continuously work towards our goal of zero accidents through careful root cause analysis of the accidents and implementing the appropriate corrective actions.

SUSTAINABILITY

OUR COMMUNITY

The Group is committed to manage our impact on the community responsibly and better mitigate the environmental and social impacts of our businesses, key community investments and programmes are designed in consultation with local communities.

We care deeply about serving and giving back to the community and seeks to be a model corporate citizen. Corporate Social Responsibility (CSR) is an integral part of the Company's core values. It strongly advocates employee volunteerism and supports employees in their charitable endeavour. As part of its social outreach programme, the CSR Committee plans and organises events and activities as part of the community services for charity bodies. Through the various programs organised in FY2020, the Management and staff of the Group have contributed a total of 132 hours of volunteer hours to organise outings and raise funds for various charitable organisations. The number of volunteer hours were reduced in light of the restrictions imposed on events and visitation to Villa Francis Home for the Aged during the COVID-19 pandemic.

What We Have Done During COVID-19

Since the announcement on 3 April 2020 by the Multi-Ministry Taskforce on the closure of workplaces due to COVID-19, remote working arrangements have become the "new norm" and we have arrangements in place to allow employees and directors to connect virtually. All employees have been informed to work from home unless required for specific purposes where working from home is not feasible. Where employees are required to be in the office, face masks and sanitisers are provided and the required safe entry and distancing measures are practiced. Employees are only to be in office for the duration needed to complete the tasks and not the full office day. Safe Management Measures have also been implemented in accordance with local regulations and advisories to ensure the health and safety of our employees and any other contractors that need to be on site.

We have not retrenched or furloughed any employees during April to May 2020 due to the COVID-19 situation. In addition, we have progressively taken cost-saving measures by reducing corporate costs, overhead costs and deferring certain operational expenditure due to overall reduction of business activities.

For customers who are unable to perform their contractual obligations, we have adopted a flexible, fair and consultative approach as we take the view of a long-term relationship. We will also comply with all government mandated relief programmes for our customers.

On the operational front, we have experienced shipment delays or stoppages due to global border controls. However, this was mitigated by working closely with our clients and suppliers to reschedule shipment of equipment and/or materials. Besides shipment delays, we are also in discussions with clients on the extension of time for the completion of projects in light of the Covid-19 impact. We continued to face challenges in resuming full business activities due to additional health clearances, swab tests, and heightened workplace safety measures to be in place.

CORPORATE GOVERNANCE REPORT

TEE International Limited (the "**Company**") and its subsidiaries (the "**Group**") is committed to maintaining a high standard of corporate governance to ensure greater transparency, to protect shareholders' interests and enhance shareholders' value as advocated by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Company adopts practices based on the Code of Corporate Governance 2018 issued on 6 August 2018 by the Monetary Authority of Singapore (the "**Code**"). This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 May 2020 ("**FY2020**"), with specific reference made to the principles and provisions as set out in the Code and Mainboard Listing Manual of SGX-ST (the "**Listing Manual**"), where applicable.

The Company has provided the rationale for each area where it has not complied with the Code, and in such cases the Company would re-assess its deviation from the relevant guidelines and implement the recommended procedures as and when it deems it appropriate to do so.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision	**Corporate Governance Practices of the Company**
1.1	*Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.*

The Company is headed by an effective Board, comprising individuals with experienced and diversified background and collectively leads and works with Management to achieve long-term success of the Company and Management remains accountable to the Board.

The Board assumes responsibility for setting strategic direction, establishing pertinent policies, improving the existing corporate governance practises and overseeing proper management of the Group. Apart from its statutory responsibilities, the Board also extends the following roles:

- 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;
- Approving annual budget, acquisitions and disposal of assets, investments and divestment proposals;
- Approving 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
- Identifying key stakeholder groups and recognise that their perceptions affect the Company's reputation.

The Directors are fiduciaries who collectively and individually exercise due diligence and independent judgement, as well as act in good faith in the best interests of the Group at all times. As provided for in the Company's Constitution, where a Director has a conflict of interest in a particular matter, he/she is required to declare his/her interest to the Board, recuse himself/herself from the discussions and abstain from voting on the matter.

CORPORATE GOVERNANCE REPORT

The Board is committed to high ethical standards and integrity of action and has adopted a code of conduct and ethics which requires compliance from every Director and sets the appropriate tone from the top in respect of the desired organisational culture, and ensures proper accountability within the Company.

1.2 *Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.*

Upon appointment, each Director receives a formal letter of appointment and will be provided with relevant information on his/her duties and responsibilities as a Director, the Company's annual reports, corporate governance processes as well as relevant statutory and regulatory compliance issues. Newly appointed Directors will receive comprehensive induction to ensure they are familiar with the Group's structure, businesses and operations, strategic direction and policies. The Interim Group Chief Executive ("**GCE**") and senior management executives will brief newly appointed Directors. Through this, the new Director gets acquainted with key management which facilitates their board interaction and allow them to have independent access to key management. Directors who have no prior experience as a director of an SGX-ST listed company will also undergo training to understand the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the Listing Manual of the SGX-ST.

During the year in review, directors' briefing session and Meet-the-Management session were conducted upon the appointments of Mr. Lai Hock Meng, Peter, Mr. Wu Geng, and Professor Siow Yuen Khong, Alex as the Company's Independent Directors, as well as, Mr. Teo Yi-Dar and Mr. Gary Ng Jit Meng as Non-Executive, Non-Independent Directors of the Company.

The Board is also updated regularly on risk management and corporate governance practises, insider trading and key changes in the relevant regulatory requirements and financial reporting standards, enabling them to properly discharge their duties as Board or Board Committee members.

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-ST, Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") and Monetary Authority of Singapore which are relevant to the Group's businesses and compliance to the applicable laws, rules and regulations and accounting standards which are currently in force. The Group's investor relations department ("**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 or Management on any relevant conferences, courses and seminars conducted by, inter alia, Singapore Exchange Limited ("**SGX**"), ACRA, SID, local professional firms and consultants. All training courses attended by the Directors are funded by the Company.

1.3 *The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.*

The Group has adopted a set of internal guidelines setting forth matters that require the approval of the Board. Under these guidelines, matters that require Board's approval includes:

- appointment and/or resignation of directors and key management
- adoption of group policies matters as specified under the Chapter 9 (Interested Person Transactions) of SGX-ST
- investments
- material acquisitions and disposals of assets
- corporate/financial restructurings
- commitments to term loans and lines of credit from banks and financial institutions
- unbudgeted capital expenditures
- announcement of the Group's quarterly, half year and full year results and the release of the Annual Report
- any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution

CORPORATE GOVERNANCE REPORT

Matters that require the Board's approval are approved unanimously or by majority vote.

The Company has established guidelines and a Delegation of Authority matrix setting clear directions on matters including thresholds for certain operational matters relating to the Group's subsidiaries that require Board approval.

The Board has adopted and documented a set of internal controls which sets out financial approval limits for capital expenditure, investments, bankers' guarantees and bank signatories' arrangements.

Apart from matters that require Board approval, the Board delegates authority for transactions below certain prescribed threshold limits to the Board Committees and specific members of the key management to optimise operational efficiency.

1.4 *Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.*

To ensure that specific issues are reviewed in-depth and in a timely manner, the Board has delegated certain functions to various Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board Committees are each constituted with clear written terms of reference setting out their compositions, authorities and duties that have been approved by the Board. While the Board Committees review and approve certain matters, the Board Committees report to the Board with their decisions or their recommendations to the Board with the Board retaining overall oversight. Minutes of the Board Committee meetings are made available to all Board members, if requested and in the absence of any conflict.

On 30 July 2020, the Company announced the dissolution of the Executive Committee ("**EXCO**"). Subsequent to the dissolution of the EXCO, the responsibilities and function of the members of the EXCO were undertaken by the Board.

1.5 *Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*

The dates of meetings of the Board and the Board Committees as well as the annual general meeting ("**AGM**") are scheduled one year in advance in consultation with the Directors. The Board meets on a quarterly basis during each financial year and at other times as appropriate, to approve the release of the Group's financial results as well as to consider and resolve major financial and business matters of the Group. Besides the scheduled Board and Board Committee meetings, ad-hoc meetings are convened when required to deliberate and address any significant issues that may arise in between any scheduled meetings.

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 telephone or, video conferencing.

Please also refer to Provision 4.5 below for further information regarding directors with multiple board representations.

CORPORATE GOVERNANCE REPORT

The Director's attendance at the Board's, the Board Committees' and general meetings of the Company held in FY2020 is as below:

Name of Director	Board of Directors' Meeting		Board Committee Meetings					
			AC Meeting		NC Meeting		RC Meeting	
	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. Gn Hiang Meng	26	26	15	15	12	12	2	2
Mr. Aric Loh Siang Khee	26	26	15	15	12	12	2	2
Prof. Siow Yuen Khong Alex[1]	26	4	15	2	12	3	2	–
Mr. Bertie Cheng Shao Shiong[2]	26	15	15	8	12	–	2	1
Mr. Lee Ah Fong[3]	26	–	15	–	12	–	2	–
Mr. Lai Hock Meng[4]	26	2	15	–	12	–	2	–
Mr. Wu Geng[5]	26	2	15	–	12	–	2	–
Mr. Phua Boon Kin	26	26	15	13[#]	12	8	2	1[#]
Ms. Saw Chin Choo	26	26	15	7[#]	12	2[#]	2	1[#]
Mr. Phua Chian Kin[6]	26	16	15	–	12	2	2	–

Name of Director	AGM		EGM	
	No. of meetings held*	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr. Gn Hiang Meng	1	1	3	3
Mr. Aric Loh Siang Khee	1	1	3	3
Prof. Siow Yuen Khong Alex[1]	1	–	3	3
Mr. Bertie Cheng Shao Shiong[2]	1	1	3	–
Mr. Lee Ah Fong[3]	1	–	3	–
Mr. Lai Hock Meng[4]	1	1	3	–
Mr. Wu Geng[5]	1	1	3	–
Mr. Phua Boon Kin	1	1	3	3
Ms. Saw Chin Choo	1	1	3	3
Mr. Phua Chian Kin[6]	1	–	3	–

Notes:

* Number of meetings held during FY2020.

[#] By Invitation.

[1] Prof. Siow Yuen Khong Alex was appointed as Independent Director ("**ID**") on 18 February 2020.

[2] Mr. Bertie Cheng Shao Shiong retired as Chairman and ID on 29 November 2019.

[3] Mr. Lee Ah Fong resigned as ID on 26 August 2019.

[4] Mr. Lai Hock Meng resigned as ID on 14 January 2020.

[5] Mr. Wu Geng resigned as ID on 14 January 2020.

[6] Mr. Phua Chian Kin resigned as a Director on 5 March 2020.

During FY2020, there have been frequent Board and Board Committee meetings in light of the unauthorised remittances announced by the Company on 4 September 2019 in order for the Board and Board Committees to be kept apprised of further checks and reviews that were being conducted to improve the Company's internal controls and to ensure that there were no other unauthorised remittances or transactions.

CORPORATE GOVERNANCE REPORT

1.6 *Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*

Members of the Board are provided with management financial statements and any other information on material events and transactions with adequate explanations provided prior to each meeting and in a timely manner. The Executive Directors also update the Board at each meeting on the Group's business and strategic developments. This enables Directors to have a comprehensive understanding of the issues to make informed decisions. Matters of a sensitive nature or urgent issues that call for meetings may be convened and, in such instances, the meeting materials may be tabled during the meeting. Requests for information by the Board are promptly responded by Management. In view of the Group's disclaimer of opinion on its FY2019 audited financial statements, the Company is required to release 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.

Where relevant, the business unit head or key management (or anyone who has submitted proposal for discussion at a Board meeting for approval) will be invited to attend and brief the Board on issues pertaining to the proposal.

Minutes of Board Committee meetings are also be tabled at the Board meetings to keep all Directors informed of matters discussed at each Board Committee meeting.

1.7 *Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*

The Board has separate and independent access to Management and the Company Secretary vis-à-vis electronic mail, telephone and face-to-face meetings and may request for any additional information needed at any time to enable them to make informed decisions. Key management, the Company's auditors and external consultants are invited to attend Board and Board Committees meetings to update and provide independent professional advice on specific issues, if required.

If required, Directors can seek independent professional advice, at the Company's expense, concerning all aspects of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

The Company Secretary or her representative attends all Board meetings and Board Committee meetings and is responsible in ensuring that board procedures are observed and that the relevant rules and regulations 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.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision **Corporate Governance Practices of the Company**

2.1 *An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.*

As at the date of this report, the Board comprises seven Directors, two of whom are Executive Directors ("**EDs**"). Of the five non-executive directors, two are Non-Executive, Non-Independent Directors ("**NEDs**"), and three are Independent Directors ("**IDs**").

CORPORATE GOVERNANCE REPORT

The composition of the Board is as follows:

Executive Directors
Mr. Phua Boon Kin (Interim Group Chief Executive and Managing Director ("**MD**"))
Ms. Saw Chin Choo

Non-Executive, Non-Independent Directors
Mr. Teo Yi-Dar[1]
Mr. Gary Ng Jit Meng[2]

Independent Directors
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee
Prof. Siow Yuen Khong Alex

[1] Mr. Teo Yi-Dar was appointed to the Board on 7 September 2020

[2] Mr. Gary Ng Jit Meng was appointed to the Board on 7 September 2020

The NC reviews the independence of each ID annually by taking into consideration the existence of relationship's or circumstances, including those provided in the Code. Each ID is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the Code for the NC's review and recommendation to the Board.

For FY2020, the NC has determined that Mr. Gn Hiang Meng, Mr. Aric Loh Siang Khee and Prof. Siow Yuen Khong Alex to be 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. Each of these Directors have also confirmed their independence. Mr. Teo Yi-Dar and Mr. Gary Ng Jit Meng are not independent by virtue of them representing the interests of the controlling shareholder of the Company. The Board concurred with the views of the NC. Each of the Directors abstained from the deliberation of his own independence.

None of the IDs has served on the Board beyond nine years from the date of their first appointment.

2.2 *Independent directors make up a majority of the Board where the Chairman is not independent.*
2.3 *Non-executive directors make up a majority of the Board.*

The Board which currently does not have a chairman, comprises seven members of which three are IDs. The Company has not complied with Provision 2.2 of the Code but will comply accordingly. The Company is in compliance with Provision 2.3 of the Code with five non-executive directors, who make up the majority of the Board.

2.4 *The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.*

The Board is of the opinion that its present size and composition represents a well-balanced mix of expertise and experience and is appropriate for effective decision making, taking into account the nature and the scope of operations of the Group.

The Board recognises the importance and value of board diversity and is made up of a team of people whose extensive experience, knowledge and expertise combine will contribute to the effective decision-making and direction for the Group. The Board also has one female director. Collectively, there is an appropriate balance and diversity of skills, experience, gender and knowledge of the Board. 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 Board will have in place a Board Diversity Policy which will continue to take into consideration criteria such as qualification, age, gender, skill, experience and knowledge in various fields and relevant industries to achieve an optimal composition for the Board for the benefits and needs of the Company.

CORPORATE GOVERNANCE REPORT

The profiles of the Directors are set out in the "**Board of Directors**" section on pages 11 to 12 in this Annual Report.

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.

2.5 *Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.*

The IDs meet for discussions, where warranted, without the presence of Management or the EDs to review any matters that must be raised privately and provides feedback to the Board as appropriate.

The IDs had met four times during FY2020 without the presence of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision **Corporate Governance Practices of the Company**

3.1 *The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.*

Following the retirement of the Company's former Chairman, Mr. Bertie Cheng Shao Shiong on 6 September 2019, the Company has not appointed a Chairman. For the Board meetings held post this, the Chairman for each meeting was unanimously elected by members of the Board.

Mr. Phua Boon Kin ("Mr Phua") is the Company's Interim GCE & MD. Being the co-founder of the Group, Mr. Phua plays an instrumental role in the development and management of the core Engineering & Construction business of the Group. Mr Phua is responsible for (i) the formulation of the overall business and corporate policies and strategies of the Group; (ii) oversight of the day-to-day management of the business and operations of the Group; and (iii) leading the Group's business development strategies and efforts.

The roles and responsibilities of the elected Chairman of the meetings and the Interim GCE & MD are held by separate individuals, in keeping with the principles that there be a clear division of responsibilities between the leadership of the Board and Management and that no one individual has autonomous powers of decision-making.

The Chairman elected at each Board meeting encourages participation from all Directors and facilitates constructive relations and a culture of openness and debate within the Board and between the Board and Management.

A Chairman was unanimously elected by the Directors to preside at the Company's Extraordinary General Meetings held post 29 November 2019.

3.2 *The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.*

The separation of the roles and responsibilities of an elected Chairman of the meetings and the Interim GCE & MD, is set out in writing, and the resulting clarity of roles provide a healthy professional relationship between the Board and Management to facilitate robust and constructive discussions on the Group's business activities and the exchange of ideas and views to help shape the strategic process, and ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

3.3 *The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.*

As the roles of the elected Chairman of the meetings and the Interim GCE & MD are held by separate individuals who are not related to each other, and the Chairman elected at the Board meetings is an ID, there is no need for the appointment of a lead independent director.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision	Corporate Governance Practices of the Company
4.1	*The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:* *(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;* *(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;* *(c) the review of training and professional development programmes for the Board and its directors; and* *(d) the appointment and re-appointment of directors (including alternate directors, if any)*
4.2	*The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.* The NC comprises the following members, all of whom are IDs: Mr. Gn Hiang Meng (Chairman) Mr. Aric Loh Siang Khee Prof. Siow Yuen Khong Alex For the year under review, the NC held 12 meetings and the NC Chairman reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The NC performs the following functions as provided in its Terms of References ("**TOR**"): • To develop and maintain a formal and transparent process and make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board generally; • To review and make recommendations to the Board on the Board structure, size and composition having regard to the scope and nature of the operations (the requirements of the business) and the core competencies of the directors as a group; • To review, assess and recommend nominee(s) or candidate(s) for appointment or re-election to the Board, having regard to their qualifications, competency, and independence; • 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 assess and determine the appropriate size and structure for the Board; • Annual evaluation of the effectiveness of the Board Committees; • Recommend to the Board nomination of directors to fill up any vacancies in the Board or the various Board Committees; • Review and recommend to the Board the directors who are retiring by rotation to be put forward for re-election at the AGM, 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/she is able to devote sufficient time and attention to the affairs of the Group so as to carry out his/her duties; • Review board succession plans for directors and key management; and • Review training and professional development programmes for the Board.

CORPORATE GOVERNANCE REPORT

4.3 *The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.*

The Board has a formal and transparent process for the appointment and re-appointment of Directors. The NC reviews and makes recommendations to the Board on all Board and Board Committee appointments. All appointments are made based on merit and subject to approval by the Board.

In selecting new Directors to be appointed, 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 ("**performance evaluation**") which are completed by the Board annually, the NC is able to evaluate whether the composition (includes the Directors' skills, expertise, gender and experiences) and size of the Board are adequate. It also assesses whether additional competencies are required in the area where the appointment of new Directors is concerned;
- In sourcing new Directors, recommendations from Directors, business associates and professional bodies are considered;
- After assessing their suitability, potential candidates are then short-listed by the NC and thereafter, interviews are set up with the short-listed candidates to further assess before a decision is made; and
- The most suitable candidate is subsequently appointed to the Board

Having assessed the qualification, work experience, and suitability of and conducted interviews (where required) with the NC had recommended and the Board had approved the following appointments for FY2020:

– The appointment of Prof. Siow Yuen Khong Alex as an Independent Director on 18 February 2020.

– The appointment of Mr. Teo Yi-Dar as a Non-Executive, Non-Independent Director on 7 September 2020.

– The appointment of Mr. Gary Ng Jit Meng as a Non-Executive, Non-Independent Director on 7 September 2020.

<u>Retirement and Re-election of Directors</u>

All Directors must submit themselves for re-nomination and re-appointment at least once every three years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST. Pursuant to Article 89 of the Company's Constitution, one-third of the Board of Directors are subject to retirement from office by rotation and eligible for re-election at the Company's AGM. In addition, Article 88 of the Company's Constitution provides that newly-appointed Directors are required to retire and may submit themselves for re-election at the next AGM of the Company.

Each member of the Board and NC shall abstain from any discussion and decision in respect of his/her own re-nomination as Director.

Mr. Gn Hiang Meng ("**Mr. Gn**") will retire by rotation under Article 89 of the Company's Constitution at the conclusion of the Company's forthcoming AGM scheduled to be held on 30 October 2020 ("**2020 AGM**"). Mr. Gn, being eligible for re-election, has offered himself for re-election. Mr. Gn will, upon re-election as a director of the Company, remain as the Chairman of the AC, RC and NC.

The NC has recommended the nomination of Directors retiring under Article 88 of the Company's Constitution, namely Prof. Siow Yuen Khong Alex ("**Prof. Siow**"), Mr. Teo Yi-Dar ("**Mr. Teo**") and Mr. Gary Ng Jit Meng ("**Mr. Ng**") for re-election at the 2020 AGM of the Company. Prof. Siow, Mr. Teo and Mr. Ng being eligible for re-election, have offered themselves for re-election. Prof. Siow, Mr. Teo and Mr. Ng will, upon re-election as Directors of the Company, remain as members of the Board. Prof. Siow, Mr. Teo and Mr. Ng have abstained from any discussion and decision in respect of their re-nomination as Directors.

Detailed information on directors nominated for re-election required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found on page 52.

CORPORATE GOVERNANCE REPORT

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. Gn Hiang Meng	72	Independent Director	1 June 2013	13 November 2017
Mr. Aric Loh Siang Khee	56	Independent Director	1 August 2014	26 September 2018
Prof. Siow Yuen Khong Alex	66	Independent Director	18 February 2020	–
Mr. Teo Yi-Dar	49	Non-Executive Non-Independent Director	7 September 2020	–
Mr. Gary Ng Jit Meng	47	Non-Executive Non-Independent Director	7 September 2020	–
Mr. Phua Boon Kin	58	Interim GCE & MD	1 September 2008	26 September 2018
Ms. Saw Chin Choo	58	Executive Director	10 September 2004	29 November 2019

4.4 *The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.*

The NC determines annually, and as and when circumstances require, based on a Director's Independence Checklist ("**Checklist**") completed, if a Director is independent, having regard to the circumstances or independence criteria set forth in provision 2.1 of the Code and each ID has completed a Confirmation of Independence form ("**Confirmation**") to confirm his independence based on the guidelines as set out in the Code. The NC has reviewed the Confirmations and has determined that each ID remains independent. The Board is in accord with the NC's determination.

4.5 *The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.*

The Board is cognisant of the fact that each Director needs to be able to devote sufficient time and attention to adequately perform and discharge his or her duties and responsibilities.

All Directors are required to declare their board representations and any changes thereof to the Company. The NC annually reviews such listed company board representations and principal commitments and considers whether it would allow the Director to carry out his/her duty to the Company.

The NC is of the view that multiple listed company board representations 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. Looking at the attendance of the Directors at the Board and Board Committee meetings for FY2020, the NC is satisfied that each Director has contributed and 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.

Information on the directorships or chairmanships held over the preceding three years in other listed companies as well as other principal commitments of each respective Director is set out in their profiles in pages 11 to 12 of this Annual Report.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

<u>Provision</u>	<u>Corporate Governance Practices of the Company</u>
5.1	*The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.*
5.2	*The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.*

The NC has adopted a formal system of evaluating the Board and Board Committees, annually. A Board performance evaluation was carried out and the assessment parameters include evaluation of the Board's composition, size and diversity, Board processes and procedures, Board accountability, evaluation and succession planning.

The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him/her to discharge his/her duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

For the year under review, the NC also conducted Board Committee Performance Evaluation exercises for each of the AC, NC and RC to assess the efficiency and effectiveness of the Board Committees in assisting the Board based on the assessment criteria which include amongst others, the Board Committees' composition and size, sufficient expertise and useful recommendations in assisting the Board for better decision-making, the interaction among committee members, reporting to the Board and record of minutes.

For the year under review, there was also an Individual Director Assessment to evaluate each Director's performance and contribution to the proper guidance, diligent oversight and able leadership, and the support that he/she lends to Management in steering the Group. Self-appraisal forms were sent to the Directors for completion and the results were reviewed by the NC and the Board. Factors which were taken into account include readiness to contribute at meetings of Board and Board Committees, contribution of effort such as preparedness, being informed and having sufficient knowledge of the Company's business. Additionally, the process to the re-nomination of Directors for the current year takes into account their attendances, commitment of time and contributions made at meetings of Board and Board Committees as well as general meetings.

In the process of assessing the effectiveness of the Board, the contribution, experience and expertise of each Director is vital.

All assessments were done via questionnaires with the results collated and the findings analysed and discussed by the NC, with comparatives from the previous year's results (for Board assessment) and reported to the Board.

Following the review for FY2020, the Board is satisfied that the Board and Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process, if the need arises. No external facilitator was engaged to conduct the annual evaluation exercise for FY2020.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision	Corporate Governance Practices of the Company
6.1	*The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:* *(a) a framework of remuneration for the Board and key management personnel; and* *(b) the specific remuneration packages for each director as well as for the key management personnel.* The primary responsibilities of the RC are as follows: • Recommend to the Board a framework for remunerating the Board, both executive and non-executive directors and key management; • Review all matters relating to remuneration of the Board and key management; employees related to directors, GCE or controlling shareholders of the Company; and • Administers the TEE International Employee Share Option Scheme 2016 ("**TEE ESOS 2016**") and the TEE International Performance Share Plan 2016 ("**TEE PSP 2016**").
6.2	*The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.* The RC comprises the following members, all of whom are IDs: Mr. Gn Hiang Meng (Chairman) Mr. Aric Loh Siang Khee Prof. Siow Yuen Khong Alex For the year under review, the RC held two meetings and the RC Chairman reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities No Director will be involved in deciding his/her own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.
6.3	*The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.* The Interim GCE & MD has a 2-year renewable service contract which provides for removal or early termination clauses. The RC reviews the Group's obligations arising in the event of termination of the ED's 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 does not use any contractual provisions to allow the Company to reclaim incentive components of remuneration from EDs in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. However, the service contracts of all the EDs of the Company have the provisions, which allow the Company to defer part of the performance incentive bonus of the EDs for the relevant financial year and payable, subject to there being no losses incurred in the next two consecutive financial years. The RC's recommendations are submitted for endorsement by the Board.

CORPORATE GOVERNANCE REPORT

6.4 *The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*

In deliberating on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries and the performance of the individuals.

The Company's Constitution governs the terms of the Directors' appointment are safeguarded 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.

The RC did not require the services of an external remuneration consultant for FY2020.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision **Corporate Governance Practices of the Company**

7.1 *A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.*

7.3 *Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.*

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 pay-outs depend on both the staff's individual performance and each company's performance within the Group.

The variable component pay-outs of the EDs and key management were assessed based on meeting the predetermined key performance indicators or service conditions and involvement of the personnel in the assignment or project as well as their roles and responsibilities over the performance period. In setting remuneration packages, the Group also takes into account the remuneration and employment conditions within the same industry and in comparable companies.

The long-term incentives comprising the TEE ESOS 2016 and TEE PSP 2016 (collectively, the "**Schemes**"), were adopted at the extraordinary general meeting of the Company held on 27 September 2016.

The Group believes that with the implementation of the Schemes, the Group will be able 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, and at the same time, give such employees and directors an opportunity to have a direct interest in the Company and to foster an ownership culture within the Company and the Group which promotes greater commitment and aligns the interests of employees and directors with the interests of the shareholders.

While the TEE ESOS 2016 grants options to employees of the Group in general, TEE PSP 2016 is designed to reward key employees who are in the best position to drive the growth of the Company through superior performance, with fully-paid shares, at the sole discretion of the Company based on specific or medium-term performance targets or time-based service conditions, or a combination of both. Awards granted under the TEE PSP 2016 will vest only after the satisfaction of the prescribed service conditions as may be decided by the RC (together with the Interim GCE & MD) for the time being, or such other committee comprising directors duly authorised and appointed by the Board to administer the TEE PSP 2016 (Plan Committee) at the relevant point in time and/or according to the extent to which the key employees achieve their performance target(s) over set performance periods, as determined by the Plan Committee.

CORPORATE GOVERNANCE REPORT

The aggregate number of shares to be issued under the Schemes and any other share-based schemes of the Company is capped at 15% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of grant or award.

The aggregate number of shares over which options and awards may be granted and awarded under the TEE ESOS 2016 and TEE PSP 2016 to associates of controlling shareholders shall not exceed 25% of the total number of shares available under TEE ESOS 2016 and TEE PSP 2016, respectively. The options and awards may be granted under TEE ESOS 2016 and TEE PSP 2016 to each associate of a controlling shareholder shall not exceed 10% of the total number of shares available under the TEE ESOS 2016 and TEE PSP 2016.

No option has been granted under the TEE ESOS 2016 and no shares have been awarded under the TEE PSP 2016 since the commencement of the Schemes till the end of FY2020.

7.2 *The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.*

The RC takes into account industry norms and standards, contribution in terms of effort, time spent and responsibilities of each Director when determining the remuneration of the Non-Executive Directors. Directors' fees are subject to shareholders' approval at the AGM. The Non-Executive Directors do not have any service contracts with the Company.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision **Corporate Governance Practices of the Company**

8.1 *The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:*

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

The remuneration of each director, the Interim GCE and the top five key management personnel has been disclosed in the respective bands. The Company discloses the remuneration paid to each Director and the Interim GCE using a band of S$250,000. The RC believes that the remuneration framework enables the Company to motivate employees and, to attract and retain talents to achieve its business targets and execute its strategic objectives. In making available the remuneration of the key management personnel in bands of S$250,000, and disclosing precisely the aggregate remuneration of the key management personnel, the Company provides a macro perspective of the total remuneration without compromising the Group's business interests, and at the same time, minimises competitive pressures which would arise from more detailed disclosures.

CORPORATE GOVERNANCE REPORT

The breakdown of the level and mix of remuneration paid or payable to each Director of the Company (in percentage terms) for FY2020 is set out below:

Remuneration bands & Name of Director of the Company	Directors' Fees %[a]	Attendance Fees %[a]	Salaries %[b]	Bonuses %[b]	Payment & Other Benefits %
S$250,000 to below S$500,000					
Mr. Phua Chian Kin[1]	2.0	4.0	78.5	12.8	2.7
Mr. Phua Boon Kin[c]	3.6	6.0	78.7	11.7	–
Ms. Saw Chin Choo	3.0	5.2	83.1	8.5	0.2
Below S$100,000					
Mr. Gn Hiang Meng	74.7	25.3	–	–	–
Mr. Aric Loh Siang Khee	72.0	28.0	–	–	–
Prof. Siow Yuen Khong Alex[2]	100.0	–	–	–	–
Mr. Lai Hock Meng[3]	76.0	24.0	–	–	–
Mr. Wu Geng[4]	76.0	24.0	–	–	–
Mr. Bertie Cheng Shao Shiong[5]	66.8	33.2	–	–	–
Mr. Lee Ah Fong	100.0	–	–	–	–

Notes:

a Mr. Gn Hiang Meng, Mr. Aric Loh Siang Khee, Prof. Siow Yuen Khong, Mr. Lai Hock Meng, Mr. Wu Geng, Mr. Bertie Cheng Shao Shiong and Mr. Lee Ah Fong were paid S$82,500, S$72,000, S$17,402.46, S$6,346.15, S$6,346.15, S$37,301.82 and S$17,358.90 respectively for FY2020. Mr. Phua Chian Kin was paid S$9,816.43, Mr. Phua Boon Kin was paid S$14,813.81 and Ms. Saw Chin Choo was paid S$10,500 for FY2020.

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

c Mr. Phua Boon Kin, the Interim GCE & MD, is the younger brother of Mr. Phua Chian Kin, Former GCE & MD.

1 Mr. Phua Chian Kin resigned as a Director on 5 March 2020.

2 Prof. Siow Yuen Khong Alex was appointed as ID on 18 February 2020.

3 Mr. Lai Hock Meng resigned as ID on 14 January 2020.

4 Mr. Wu Geng resigned as ID on 14 January 2020.

5 Mr. Bertie Cheng retired as a Non-Executive Chairman on 29 November 2019.

6 Mr. Lee Ah Fong resigned as ID on 27 August 2019.

The aggregate remuneration of the top 5 key management personnel in FY2020 is S$1,481,370.84. The percentage breakdown of the fixed and variable components for each individual is set out below.

Remuneration Band	Salaries %[a]	Bonuses %[a]	Payment & Other Benefits %
S$250,000 to below S$500,000			
5 Key Management	91.3	8.7	–
Total Remuneration	S$1,481,370.84		

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

CORPORATE GOVERNANCE REPORT

8.2 *The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

There was no employee who is a substantial shareholder of the Company. With the exception of Mr. Phua Chian Kin, Mr. Phua Boon Kin, Mr. Phua Cher Chuan and Mr. Phua Cher Chew, there were no employees of the Group who are family members of a Director or the Interim GCE & MD or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2020. Mr. Phua Boon Kin, the Interim GCE & MD, is the younger brother of Mr. Phua Chian Kin, the former GCE & MD. Both Mr Phua Cher Chuan and Mr. Phua Cher Chew are the nephews of Mr. Phua Chian Kin and Mr. Phua Boon Kin.

Mr. Phua Cher Chew who was the Executive Director of Amcorp Global Limited ("**Amcorp Global**") (formerly known as TEE Land Limited) and his remuneration is disclosed in Amcorp Global's annual report for FY2020. Mr. Phua Cher Chew resigned as the Executive Director of Amcorp Global on 5 March 2020.

The remuneration of Mr. Phua Cher Chuan is as follows:

Remuneration Band	Salaries %[a]	Bonuses %[a]	Payment & Other Benefits %
S$50,000 to below S$250,000			
Mr. Phua Cher Chuan	94.7	5.3	–

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

8.3 *The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.*

All forms of remuneration and other payments and benefits to directors and key management personnel of the Group are disclosed in Provisions 8.1 and 8.2. The Company has share incentive schemes known as the TEE ESOS 2016 and TEE PSP 2016. Further details of the schemes, including the key terms of the schemes, are set out in Provisions 7.1 and 7.3.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision **Corporate Governance Practices of the Company**

9.1 *The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.*

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

CORPORATE GOVERNANCE REPORT

The Group has adopted an Enterprise Risk Management ("**ERM**") Framework which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The Group engaged Protiviti Pte. Ltd., the Company's internal auditors ("**Internal Auditors**") to conduct the Enterprise Risk Assessment as part of ERM programme. The framework is reviewed regularly taking into the account changes in the business and operational environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of the Group over a short-medium term are summarised in the Group Risks Register, and ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated suitably by counter measures.

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

The risk management system is an essential part of its business planning and monitoring process. On a half-yearly 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.

9.2 *The Board requires and discloses in the company's annual report that it has received assurance from:*

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The AC has reviewed reports submitted by 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 part of their audit for FY2020.

On 13 September 2019, the Company announced that, in light of the unauthorised remittances ("**Remittances**") that had been announced by the Company on 4 September 2019, the Board had taken the initiative to appoint PricewaterhouseCoopers Risk Services Pte Ltd ("**PwC**") as the external investigator ("**External Investigator**") to investigate the facts and circumstances surrounding the unauthorised remittances and assess the impact, if any, on the financial statements of the Group, as well as to determine whether there had been any other similar remittances, for the period from 1 June 2017 to 31 August 2019 (the "**External Review**"). On 3 March 2020, the Company announced that PwC has completed the External Review and the executive summary of the External Review was released on SGXNET. As announced on 4 March 2020, the Company had received an order from the Commercial Affairs Department ("**CAD**") of the Singapore Police Force in relation to an investigation into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition). The CAD investigation is still ongoing.

On 15 March 2020, the Company had announced the update on the measures implemented in relation to the findings of the External Investigator. As part of the Board's commitment to ensure strong internal controls and high standards of corporate governance, the Board has reviewed the established policies and procedures of the Company and enhanced its existing policies and procedures following the occurrence of the Remittances. Since the discovery of the Remittances, the Board had on 27 August 2019 commissioned the Company's Internal Auditors, on 27 August 2019, to conduct a review of the Remittances and to provide recommendations for improvements. In addition, the Board has engaged consultants who specialise in Business Process Improvement to enhance the Company's existing policies and procedures and to conduct training sessions for its middle and top management and Directors in January 2020. The Company has also reported to the Accounting and Corporate Regulatory Authority.

The Board, AC and the Management have accepted in full the recommendations of the Internal Auditors, including the recommendations for improvements in respect of Interested Person Transactions ("**IPTs**"), conflict of interest and whistle-blowing policy, and the enhancements to the Company's policies relating to cheque signatories. The Management has since implemented these improvements and enhancements. The follow-up of the implementation of the improvements and the enhanced policies and procedures by the Internal Auditors is currently ongoing as part of the current 3-year internal audit plan.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Interim GCE & MD and the Chief Financial Officer ("**CFO**") that, save for the Remittances that had been previously announced by the Company on SGXNET on 4 September 2019, and having implemented or being in the process of implementing the recommendations of the Internal Auditors, (i) 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) the Group's risk management and internal control systems are in adequate and effective.

In view of the above steps and actions taken and based on the framework of risk management and internal controls established and maintained, the work performed by the internal and external auditors, the reviews performed by the Company's management and the above assurance from the Interim GCE & MD and CFO, 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 FY2020. The Company has complied with Rule 1207(10) of the Listing Manual of SGX-ST.

The Board acknowledges that it is responsible for the overall internal control and risk management framework, but recognises that all internal control and risk management systems contain inherent limitations and that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board notes that all internal control systems can provide only reasonable and not absolute assurance against the occurrence of material misstatement or loss, poor judgement in decision making, human error, fraud or other irregularities.

Notwithstanding this, the Board remains committed to improve the Group's internal controls and will not hesitate to take the necessary actions to ensure the adequacy and effectiveness of the Group's internal controls and risk management systems.

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

<u>Provision</u> **<u>Corporate Governance Practices of the Company</u>**

10.1 *The duties of the AC include:*

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

CORPORATE GOVERNANCE REPORT

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 Company's management and 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 which he is interested in.

The AC performs the following functions as provided in its TOR:

- Reviews and oversees the external audit function, including the external audit plan, the nature and scope of the audit and fees prior to audit commencement.
- Considers the appointment and re-appointment of the external auditor and approve the remuneration and terms of engagement of the external auditor.
- Reviews the audit representation report or letter (particularly in relation to non-standard issues) and the external auditor's management letter to assess whether it is based on a good understanding of the Company's business, and monitor the Management's response to the recommendations made.
- Convene meetings with the external auditors to discuss matters that the AC or external auditors believe should be discussed privately.
- Ensures that both external auditors and internal auditors have direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.
- Reviews the quarterly and annual financial statements of the Group to ensure the integrity of the said financial statements before submission to the Board for approval, focusing, in particular, on the accuracy, completeness and consistency of financial information, significant adjustments resulting from the audit or significant financial reporting issues and judgements, reviewing the relevance and consistency of the accounting standards used by the Company and the Group, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements.
- Reviews any formal announcements relating to the Company's financial performance.
- 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.
- Reviews the role and effectiveness of the Company's internal audit function, including the internal audit plan and results of the internal audit procedures and conducts internal quality assurance review of the internal audit function at least annually.
- Ensures co-ordination between the internal and external auditors and Management.
- Approves the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced.
- Reviews the adequacy of the Group's internal controls, including financial, operational compliance and information technology controls and risk management policies and systems.
- Reviews the Company's overall risk management and internal controls and reviews the assurance provided by the GCE and CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances.
- Reviews interested person transactions to ensure that the current procedures for monitoring of IPTs have been complied with and that the IPTs are on normal commercial terms and not prejudicial to the interests of the Company's minority shareholders.

The AC also undertakes:

- Such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- Such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time.

M/s Foo Kon Tan LLP ("**FKT**") was appointed as the Group's auditors on 13 July 2020.

CORPORATE GOVERNANCE REPORT

In performing its functions, the AC also confirms that:

1. the Company has complied with Listing Rule 712 in that FKT is registered with the ACRA and is satisfied that the resources and experience of FKT, the audit engagement partner and the team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

2. the Company has complied with Listing Rule 715 in relation to the appointment of the same auditing firm based in Singapore to audit the financial statements of the Company, all of its Singapore-incorporated subsidiaries and joint venture; and

3. the Company has complied with Listing Rule 716 in relation to the appointment of the different auditing firms to audit the financial statements of some of the Group's local and overseas subsidiaries and associates. The AC, with the concurrence of the Board, is satisfied that the appointment of different auditing firms will not compromise the standard and effectiveness of the audit of the Company. The names of the auditing firms are disclosed in Notes 17 and 18 of the Notes to Financial Statements in the Annual Report.

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.

Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditor, FKT, the amount of audit and non-audit fees payable to FKT, as disclosed in Note 45 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 accordingly recommended their re-appointment to the Board for shareholders' approval at the 2020 AGM.

The Company has 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 are to be reported to the AC, the Chairman of the Company (if any) and the Interim GCE & MD either in person, via phone calls, fax, or in writing (letter or email). 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 informed of the availability of such policy which can be downloaded from staff electronic-portal. The AC ensures that all whistle-blower complaints are reviewed thoroughly and satisfactorily dealt with.

10.2 *The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.*

CORPORATE GOVERNANCE REPORT

The AC currently comprises three IDs as follows:

Mr. Gn Hiang Meng (Chairman)
Mr. Aric Loh Siang Khee
Prof. Siow Yuen Khong Alex

All the AC members are independent from business and management relationships. The IDs, including Mr. Gn Hiang Meng, the Chairman of the AC, are independent from 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.

The AC also takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with briefings provided by professionals or external consultants as necessary.

10.3 *The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.*

None of the AC members is a former partner or director of the Group's existing audit firm.

10.4 *The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.*

The Company has established and maintains on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. The internal audit function is fully outsourced to Protiviti Pte. Ltd.. The Internal Auditors report primarily to the AC and the AC is satisfied that the Internal Auditors are staffed by qualified and experienced personnel.

The AC also decides on the appointment, termination and remuneration of the Internal Auditors. The Internal Auditors plan their internal audit schedules in consultation with the Management, but remain independent of the Management in its operations. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC and have appropriate standing within the Company. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit.

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required with regard to any internal control weaknesses that have been identified and where necessary, meets with the Internal Auditors (without management) to discuss such activities. The AC also reviews and approves the audit plan from the Internal Auditors. The AC is satisfied that the internal audit function is effective, adequately resourced and independent for FY2020.

10.5 *The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*

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 Auditors and external auditor without the presence of the Company's management to discuss and review the Internal Auditors' reports and recommendations and the external auditor's reports on reasonableness of the financial reporting process, review of key audit matters, 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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision	Corporate Governance Practices of the Company

11.1 *The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*

The Board considers it to be crucial that the notices of general meetings are distributed on time to the shareholders prior to such general meetings as the notices set out the agendas that will be discussed, some of which may be of interest to the shareholders. Such notices are contained in annual reports or circulars sent to all shareholders and also published in the newspapers and posted onto the SGXNET and the Company's website.

Shareholders are encouraged to attend the general meetings and are provided the opportunity to actively participate and vote at the meetings.

The Company ensures that the venue for the meetings is in a central location easily accessed by public transportation.

The Company supports active shareholders' participation at AGMs and other general meetings 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.

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. Relevant intermediaries, as defined in Section 181 of the Companies Act. Cap. 50, such as banks, capital market services license 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.

Under the alternative arrangements for conducting general meetings during the Safe Management Period in the Covid-19 situation ("**Alternative Meeting Arrangements**"), only the Chairman of the meeting can be appointed as the sole proxy by shareholders to vote on their behalf at the forthcoming AGM.

11.2 *The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.*

The Company does not practice "bundling" of resolutions at general meetings. Each substantial issue is proposed as a separate resolution and full information is provided for each of this item in the agenda for the meetings.

11.3 *All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.*

The Chairman of the meeting presides over the general meetings and is accompanied by fellow Board members, the Chairman of the AC, NC and RC respectively, the Company Secretary or her representative as well as other key management. The Company's external auditor, FKT, will be asked to attend to address any relevant queries from the shareholders at the general meetings. The attendance of the Directors attending the general meetings in FY2020 is set out in page 28.

CORPORATE GOVERNANCE REPORT

11.4 *The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.*

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 in the voting process and better reflect shareholders' interests, the Company conducts electronic poll voting for all the resolutions proposed at the Company's general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. 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.

11.5 *The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*

The minutes of the general meetings are prepared by the Company Secretary, and include substantial comments or queries from shareholders and responses from the Board members and the Company's management. Minutes of these meetings are published on the Company's corporate website as soon as practicable. Under the Alternative Meeting Arrangements, minutes of a general meeting will be published via the Company's website and SGXNET within one month from the date of the general meeting.

11.6 *The company has a dividend policy and communicates it to shareholders*

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.

As the Group incurred losses in FY2020, no dividend has been proposed by the Board for this financial year.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision **Corporate Governance Practices of the Company**

12.1 *The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.*

The Company acknowledges the importance of open and fair communication with stakeholders and has taken efforts to maintain a high standard of transparency and is committed to issue announcements of pertinence and price and trade sensitive transactions through SGXNET on a timely basis. 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 the Company's email alert service, which will allow the subscribers to automatically receive 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.

CORPORATE GOVERNANCE REPORT

12.2 *The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.*

12.3 *The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.*

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, webpage and conference calls. The Company meets its retail and institutional investors regularly whenever appropriate.

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 is 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 Company's corporate website or upon request. The Group has an IR department that manages communications with all stakeholders, as well as to attend to and ensure their queries and concerns are promptly addressed by the relevant key management. Details of the Group's IR function can be found on page 9 of the Annual Report.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision **Corporate Governance Practices of the Company**

13.1 *The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.*

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The Company has adopted a Code of Conduct, which establishes processes and actions to be take in the event of any reportable conduct and establishes the business conduct expected of all employees as well as the Company's stance to avoid conflict of interests with stakeholders.

13.2 *The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.*

13.3 *The company maintains a current corporate website to communicate and engage with stakeholders.*

In order to create sustainable value for stakeholders and to address sustainability challenges and opportunities which the Company may face, the Company regularly engages with various stakeholders, including employees, suppliers, customers and the regulators and shareholders to gather feedback on the concerns and expectations most important to them. The information on the Company's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2020 will also be set out in the Company's Annual Report and Sustainability Report. The Company also maintains a corporate website which may be accessed by stakeholders at: https://www.teeintl.com/.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

In line with Rule 1207(19) of the Listing Manual of SGX-ST, the Company has adopted its own internal securities trading policy (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 (2) weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one (1) 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 2020 AGM also provides that the Company will not repurchase or acquire any share through on-market share purchases during the period commencing two (2) weeks and one (1) month immediately preceding the announcement of the Company's quarterly and full year results respectively.

The Company has adhered to its policy for securities transactions for FY2020.

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 Interim 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 in consultation with the Internal Auditors and AC, enhanced and strengthened its Related Party Transactions ("**RPT**") and Interested Person Transactions ("**IPT**") policy in respect of any transactions with related parties and/or interested persons. The enhanced RPT and IPT policy serves as a guide to ensure that (i) all RPTs / IPTs are conducted in a manner that will protect the Group from any conflict of interest which may arise between the Group and its related party / interested persons as defined in the Singapore Financial Reporting Standards ("**FRS**") and the Listing Manual of the SGX-ST; and (ii) there is proper maintenance or records, oversight, approvals and disclosure of transactions between the Company and any of its related parties or interested persons as defined in the FRS and the Listing Manual of the SGX-ST. The requirements and disclosures of RPT and IPT, which are governed by Chapter 9 of the Listing Manual of the SGX-ST, FRS 24 and Sections 162 and 163 of the Companies Act are clearly set out in the RPT and IPT policy.

The Group's RPT and IPT policy requires all such transactions related parties and interested persons 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 Board of Directors provides oversight for the RPT and IPT policy and it is subjected to review by the AC, as appropriate, to ensure the effectiveness of the policy. The AC will discuss any revision that may be required, and recommend any such revision to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

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 FY2020 are as follows:

	Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
a	Phua Boon Kin	Director of the Company	200	–
b	Oscar Investment Private Limited	Associate of the Company's Director, Chief Executive Officer and Controlling Shareholder[1]	3,000	–
c	Yeo Ai Mei[2]	Director of the Company	114	–

1 Phua Chian Kin resigned as Director and Group Chief Executive on 5 March 2020.

2 Yeo Ai Mei resigned as Director of TEE Industrial Pte Ltd on 5 March 2020.

Notes:

a. Phua Boon Kin received interest-free car loan from PBT Engineering Pte Ltd.

b. Repayment of unauthorised remittances to the Group.

c. TEE Building expenses.

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 RIGHTS ISSUE AND BONUS WARRANTS

Shares

Pursuant to a renounceable non-underwritten rights issue announced on 29 November 2018 (the "**Rights Issue**"), the Company issued a total of 144,929,837 new ordinary shares which rank pari passu in all respects with all other existing shares in issue ("**Rights Shares**"). The Company raised net proceeds of approximately S$14.3 million (after deducting estimated expenses of approximately S$0.2 million) from the Rights Issue. Following the allotment and issuance of the Rights Shares, the number of issued Shares in the Company increased from 503,223,039 ordinary shares to 646,882,476 ordinary shares (excluding treasury shares).

CORPORATE GOVERNANCE REPORT

As announced, pending deployment of the net proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem fit. The Company intends to utilise the net proceeds of the Rights Issue as follows:

(a) up to 80% to fund the expansion and growth of existing businesses, acquisitions and new investments; and

(b) up to 20% for general working capital purposes.

Intended use of Net Proceeds	Original allocation of Net Proceeds S$'000	Actual amount utilised S$'000	Unutilised amount S$'000
For general working capital requirements of the Group[1]	2,863	2,863	–
To finance the expansion and growth of existing businesses, acquisitions and new investments[2]	11,450	6,339	5,111

1 Payment of operating expenses, such as payroll and related expenses.

2 S$2.89 million was utilised for supporting the new Engineering projects in terms of procuring Banker's Guarantees and Insurance Bonds; S$3.45 million was utilised for the acquisition of Arrow Waste Management Pte. Ltd. and its related expenses.

Warrants

Pursuant to the terms and conditions of the deed poll dated 16 April 2018 (the "**Deed Poll**"), the proposed Rights Issue constitutes an event giving rise to an adjustment to the exercise price and the number of the existing warrants ("**Adjustments**"). The Adjustments were effective from 15 February 2019, being the market day next following the closing date of the Rights Issue.

As at to date, the number of outstanding bonus warrants are 57,193,798 and can be exercised at the adjusted exercise price of S$0.189 per warrant payable in cash within the period from the date of issue of the bonus warrants, 30 April 2018 and expiring at 5.00 p.m. on 30 October 2020. As the bonus warrants were issued free to the shareholders, there were no immediate proceeds from the bonus warrants issue and the Adjustments and no warrants have been exercised as at to date.

The Company intends to utilise the net proceeds arising from the exercise of bonus warrants for financing working capital, reduction of existing loans and new investments and capital expenditure requirements of the Group as the Directors may deem fit.

As the actual amount of net proceeds to be received by the Company from the exercise of the bonus warrants will depend on when and the extent to which the bonus warrants are exercised, the percentage allocation for the aforementioned intended uses cannot be determined as at to-date.

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
Date of Appointment	1 June 2013	18 February 2020	7 September 2020	7 September 2020
Date of last re-appointment (if applicable)	13 November 2017	–	–	–
Age	72	66	49	47
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Gn Hiang Meng as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Gn Hiang Meng's qualifications, expertise, past experiences.	The re-election of Prof. Siow Yuen Khong Alex as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Prof. Siow Yuen Khong Alex's qualifications, expertise, past experiences.	The re-election of Mr. Teo Yi-Dar as the Non-Executive, Non-Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Teo Yi-Dar's qualifications, expertise, past experiences.	The re-election of Mr. Gary Ng Jit Meng as the Non-Executive, Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Gary Ng Jit Meng's qualifications, expertise, past experiences.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of Audit Committee Chairman of Remuneration Committee Chairman of Nominating Committee	Independent Director Member of Audit Committee Member of Remuneration Committee Member of Nominating Committee	Non-Independent Director	Non-Independent Director

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
Professional qualifications	Bachelor of Business Administration Degree (Honours), National University of Singapore	B.Eng(Civil), Stuttgart Institute of Technology (Germany) M.Sc (Eng), University of Birmingham (UK) Fellow, Singapore Computer Society Member of Project Management Institute	Chartered Financial Analyst, CFA Institute, USA Master of Science (Applied Finance), National University of Singapore, Singapore Master of Science (Industrial & Systems Engineering), National University of Singapore, Singapore Bachelor of Engineering (Electrical), National University of Singapore, Singapore	Completed the Chartered Financial Analyst program General Management Program, Harvard Business School Bachelor Degree in Accountancy, Nanyang Business School
Working experience and occupation(s) during the past 10 years	Mr. Gn has more than 30 years of investment banking and hospitality industry experience. He was a senior banker with the United Overseas Bank Group for 28 years and was the Deputy President of UOL Group prior to his retirement in 2007.	January 2015 to Present – Professor and Director of the Advanced Computing for Executives Centre in National University of Singapore July 2013 to December 2014 – Managing Director of Health and Public Service, Accenture Pte Ltd March 2011 to June 2013 – Head of Enterprise Risk Management and Business Excellence, StarHub February 2008 to February 2011 – Head of Business Excellence and Systems Technology, StarHub	2017 to Present – Director at Altair Capital Advisors Pte Ltd 2016 to 2017 – Director at Kenyon Group Limited 1999 to 2016 – Investment Manager at SEAVI Advent Management Pte Ltd	2016 to Present – Partner, Altair Capital 2011 to 2016 – Managing Director of CLSA Capital Partners
Shareholding interest in the listed issuer and its subsidiaries	NIL	NIL	Deemed Interest of 431,378,471 shares	Deemed Interest of 431,378,471 shares

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None	None
Conflict of interest (including any competing business)	None	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer (Yes/No)	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)				

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
Past (for the last 5 years)	1. TREASURE RESORT PRIVATE LIMITED	1. CMC INFOCOMM LTD 2. CERTIS CISCO SECURITY PTE LTD 3. CLEANTECH PTE LTD 4. CX SURBANA PTE LTD	1. BAOLING INVESTMENTS PTE LTD 2. BAYSTON INVESTMENTS LIMITED 3. NET PACIFIC FINANCIAL HOLDINGS LIMITED 4. PLEASANT WAY ANALYSE DEVELOPMENT LIMITED 5. GUOTAIQIXING BIOMEDICAL INTERNATIONAL (SINGAPORE) PTE. LTD. 6. SACLP INVESTMENTS LIMITED 7. SAP INVESTMENTS LIMITED 8. TFSA INVESTMENTS LTD 9. VALUE PLUS INVESTMENT LIMITED 10. YITIAN INVESTMENTS PTE. LTD.	1. LUMINOUS WATER TECHNOLOGIES PVT LTD 2. RESONANCE EDUVENTURES PVT LTD

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
Present	1. CENTURION CORPORATION LIMITED 2. HAW PAR CORPORATION LIMITED 3. KOH BROTHERS GROUP LIMITED 4. SINGHAIYI GROUP LTD	1. TOFFS TECHNOLOGIES PTE LTD 2. HASHEDLN SDN BHD 3. SINGAPORE UNIVERSITY OF SOCIAL SCIENCES 4. TEMASEK POLYTECHNIC 5. ANG MO KIO THYE HUA KWAN HOSPITAL	1. ALDERSGATE HOLDINGS LIMITED 2. ALTAIR CAPITAL (I) LTD 3. ALTAIR CAPITAL ADVISORS PTE LTD 4. ALTAIR CAPITAL GENERAL PARTNER LTD 5. ALTAIR FUND (I) PTE. LTD. 6. ASIA VETS HOLDINGS LTD. 7. AVH ANIMAL ARK PTE LTD 8. BEIJING DENOX ENVIRONMENT & TECHNOLOGY CO., LTD. 9. CHINA YUANBANG PROPERTY HOLDINGS LIMITED 10. CIENA ENTERPRISES LIMITED 11. CLEAR VISION VENTURES LIMITED 12. DENOX ENVIRONMENTAL & TECHNOLOGY HOLDINGS LIMITED 13. FORTUNE KNIGHT INTERNATIONAL LIMITED 14. GOLD FUTURE INVESTMENT LIMITED 15. HG CONSTRUCTION STEEL PTE LTD 16. HG METAL DISTRIBUTION SDN BHD 17. HG METAL INVESTMENTS PTE LTD 18. HG METAL MANUFACTURING LTD 19. HG METAL MANUFACTURING SDN BHD 20. HG METAL PTE LTD	1. ALSITON HOLDING (1) LIMITED 2. ALSITON HOLDING (2) LIMITED 3. ALTAIR CAPITAL ADVISORS PTE LTD 4. ALTAIR CAPITAL (I) LTD 5. ALTAIR CAPITAL GENERAL PARTNER LTD 6. ALTAIR FUND (I) PTE. LTD. 7. ALTAIR CAPITAL CONSULTING SDN BHD 8. AQUILA STAR INVESTMENTS PRIVATE LIMITED 9. AURIGA CENTAURUS PTE LTD 10. DEALER AUCTION (THAILAND) COMPANY LIMITED 11. EAST OPULENT LIMITED 12. MOTTO AUCTION PTE LTD 13. MOTTO AUCTION (THAILAND) COMPANY LIMITED 14. SIRIUS VEGA PTE LTD 15. TEE INTERNATIONAL LIMITED 16. TRAMORE GLOBAL LIMITED

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
			21. HONGYIN RESOURCES (HK) CO LIMITED 22. JIN HENG LI HARDWARE SDN BHD 23. KENYON GROUP (ASIA) PTE LTD 24. KENYON GROUP LIMITED 25. MOTTO AUCTION PTE LTD 26. MYGHTY (YANGON) LIMITED 27. MYGHTY HOLDINGS PTE LTD 28. NIHO (SINGAPORE) PTE LTD 29. ORIENTAL METALS PTE LTD 30. PENYAO ENVIRONMENTAL PROTECTION CO., LTD. 31. PT HG METAL DISTRIBUTION INDONESIA 32. SEAVI ADVENT ASIA INVESTMENTS (III) LTD 33. SIN HENG HEAVY MACHINERY LIMITED 34. SIRIUS VEGA PTE LTD 35. SPRINGHAVEN HOLDINGS LIMITED 36. TEE INTERNATIONAL LIMITED 37. TOP RICH INVESTMENT LIMITED 38. TPSC ASIA GROUP HOLDING LIMITED 39. TPSC ASIA PTE LTD 40. TPSC HOLDINGS PTE LTD 41. TRAMORE GLOBAL LIMTED 42. UNITED HOPE PTE LTD 43. W CAPITAL MARKETS PTE LTD 44. YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.	

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	Yes As announced on 4 March 2020, the Company had received an order from the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition). The CAD investigation is still ongoing	Yes As announced on 4 March 2020, the Company had received an order from the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition). The CAD investigation is still ongoing	Yes As announced on 4 March 2020, the Company had received an order from the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition). The CAD investigation is still ongoing	Yes As announced on 4 March 2020, the Company had received an order from the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition). The CAD investigation is still ongoing
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No

INFORMATION ON DIRECTORS NOMINATED AND RE-ELECTED

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Mr. Gn was a Non-Executive Director of UOB Asia Limited which in November 2000 was served with 2 charges under section 97 and 2 charges under section 99 of Singapore's Securities Industry Act ("SIA") in respect of its handling of the initial public offering of shares by e. World of Sports.com Limited and Hua Kok International Limited. UOB Asia Limited (wholly owned subsidiary of United Oversea Bank Limited) pleaded guilty to the 2 charges under section 99 of the SIA and was fined $400,000. The other 2 charges under section 97 of the SIA were not proceeded with but were taken into consideration for the purpose of sentencing	No	No	No

Name of Director	Mr. Gn Hiang Meng	Prof. Siow Yuen Khong Alex	Mr. Teo Yi-Dar	Mr. Gary Ng Jit Meng
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes	The director will be attending training.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group for the financial year ended 31 May 2020 and statement of financial position of the Company as at 31 May 2020.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position of the Company 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 31 May 2020, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, having regard to information as disclosed in Note 1 to the financial statements, 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. Gn Hiang Meng
Mr. Aric Loh Siang Khee
Prof. Siow Yuen Khong Alex
Mr. Teo Yi-Dar (Appointed on 07/09/2020)
Mr. Gary Ng Jit Meng (Appointed on 07/09/2020)
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 year nor at any time during the 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 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:

	Shareholdings registered in names of directors			**Shareholdings in which directors are deemed to have interests**		
Names of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At 21 June 2020**	**At beginning of year**	**At end of year**	**At 21 June 2020**
The Company			**Ordinary shares**			
Mr. Phua Boon Kin	145,132	145,132	145,132	–	–	–
Ms. Saw Chin Choo	1,925,100	1,925,100	1,925,100	3,312	3,312	3,312
The Company	**Warrants (W201030) to subscribe for ordinary shares at the exercise price of $0.189 each**					
Mr. Phua Boon Kin	11,983	11,983	11,983	–	–	–
Ms. Saw Chin Choo	158,953	158,953	158,953	377	377	377

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the 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 of the Company at the exercise price at $0.189 each, as disclosed below:

Date of issue	At beginning of year	Exercised during the year	Expired during the year	At end of year
Warrants (W201030) over ordinary shares				
April 30, 2018	57,193,798	–	–	57,193,798

Warrants (W201030) will expire on 30 October 2020.

(b) *Options exercised*

During the 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.

(c) *Unissued shares under options*

At the end of the 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. The members of the committee at the date of this report are:

Mr. Gn Hiang Meng	(Chairman and independent director)
Mr. Aric Loh Siang Khee	(Independent director)
Prof. Siow Yuen Khong Alex	(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 15 times since the last Annual General Meeting and performed, 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 of the Company and evaluation of the Group's system of internal accounting controls;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (cont'd)

(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.

6 INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Mr. Phua Boon Kin

....
Ms. Saw Chin Choo

Singapore

12 October 2020

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE International Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit 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 the statement of financial position of the Company as at 31 May 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Unauthorised Remittances

Unauthorised Remittances totalling $6.55 million were made in the previous financial year. These Unauthorised Remittances have been repaid to the Group, of which $3.55 million was repaid in the previous financial year and $3 million in the current financial year.

The internal auditors and external investigators appointed to investigate the facts and circumstances surrounding the Unauthorised Remittances and assess the impact on the financial statements of the Group have concluded their work. However, the Commercial Affairs Department of the Singapore Police Force ("CAD") has started an investigation and has requested further information from the Company. As at the date of this report, there has been no further update on the CAD investigation. The outcome of the CAD investigation could provide other information or findings that may have an impact on the financial statements. Accordingly, we are unable to determine any adjustments arising thereon that may be required, and whether there will then be an impact on the accompanying financial statements. As a result, we are unable to obtain sufficient appropriate audit evidence or satisfy ourselves through alternative means to conclude if there is any further impact to the financial statements.

Opening Balances

We were appointed as auditor of the Company for the current financial year. The auditor for the previous financial year ended 31 May 2019 disclaimed their opinion on 8 November 2019. The basis of disclaimer was the Unauthorised Remittances stated above. In addition, during the year, the Company disposed of its subsidiary, TEE Land Limited (Note 50). We are not auditors of TEE Land Limited. Consequently, we have not been able to obtain sufficient appropriate audit evidence on the statements of financial position as at 1 June 2019, as well as the components making up TEE Land Limited's contribution of $30.8 million to loss for the year (Note 46). As the opening balances as at 1 June 2019 form the basis for determining the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 May 2020, we are unable to determine whether adjustments are required to the financial statements for the financial year ended 31 May 2020.

Contingent Liabilities (Note 53)

Various claims have been made against the Company and the Group in the Engineering segment for liquidated damages, defects, and/or under guarantees for the performance of contracts.

The outcome of the claims, and counterclaims, cannot be determined with reasonable certainty. We are unable to obtain sufficient appropriate audit evidence on the amount of any liability arising, or to quantify if the provision for defects liability, contract assets and cost of sales are appropriately stated in the accompanying financial statements, and consequently, whether the going concern basis of preparation of financial statements is appropriate.

Because of the significance of the above matters, we are unable to provide a basis for an audit opinion on these accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE International Limited

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors 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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), 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 and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Matter

The financial statements for the year ended 31 May 2019 were audited by another firm of auditors whose report dated 8 November 2019 expressed a disclaimer of opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Kon Yin Tong.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,

12 October 2020

STATEMENTS OF FINANCIAL POSITION

31 May 2020

		Group		Company	
		31 May	31 May	**31 May**	31 May
		2020	2019	**2020**	2019
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**50,730**	60,875	**8,997**	759
Bank balances pledged	7	**3,615**	3,290	**–**	–
Trade receivables	8	**30,010**	44,436	**3,659**	–
Other receivables	9	**5,027**	14,287	**14,165**	10,240
Loans receivables	10	**–**	10,839	**–**	–
Financial assets at fair value through profit or loss	11	**82**	164	**82**	164
Inventories	12	**77**	203	**–**	–
Contract assets	13	**146,244**	176,333	**–**	–
Contract costs	14	**–**	1,240	**–**	–
Development properties	15	**–**	175,838	**–**	–
Completed properties and land for sale	15	**–**	42,974	**–**	–
		235,785	530,479	**26,903**	11,163
Assets of disposal group classified as held-for-sale	16	**17,041**	–	**–**	–
Total current assets		**252,826**	530,479	**26,903**	11,163
Non-current assets					
Other receivables	9	**1,312**	1,360	**777**	941
Investment in associates	17	**9,646**	13,655	**–**	–
Investment in joint venture	17	**130**	129	**–**	–
Investment in subsidiaries	18	**–**	–	**43,926**	116,854
Club membership	19	**–**	5	**–**	5
Intangible asset	20	**310**	1,054	**–**	–
Property, plant and equipment	21	**8,389**	71,067	**41**	93
Investment properties	22	**34,926**	31,442	**23,909**	22,000
Deferred tax assets	23	**618**	3,997	**–**	–
Total non-current assets		**55,331**	122,709	**68,653**	139,893
Total assets		**308,157**	653,188	**95,556**	151,056

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 May 2020

	Note	Group		Company	
		31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	24	**57,496**	48,532	**–**	4,300
Trade payables	25	**147,628**	161,571	**3,613**	13
Other payables	26	**22,573**	30,251	**59,555**	52,541
Contract liabilities	27	**661**	6,661	**–**	–
Provision for maintenance costs	28	**235**	992	**–**	–
Current portion of finance leases	29	**–**	346	**–**	–
Current portion of lease liabilities	30	**2,119**	–	**128**	–
Current portion of long-term borrowings	31	**2,809**	93,670	**2,510**	1,268
Current portion of financial guarantee liabilities	32	**75**	185	**75**	75
Income tax payable		**4,339**	2,445	**842**	–
		237,935	344,653	**66,723**	58,197
Liabilities of disposal group classified as held-for-sale	16	**19,840**	–	**–**	–
Total current liabilities		**257,775**	344,653	**66,723**	58,197
Non-current liabilities					
Finance leases	29	**–**	1,143	**–**	–
Lease liabilities	30	**14,454**	–	**2,309**	–
Long-term borrowings	31	**16,755**	144,026	**11,404**	13,701
Financial guarantee liabilities	32	**–**	180	**–**	74
Notes payable	33	**–**	21,000	**–**	21,128
Long-term deposit	34	**306**	306	**306**	306
Other payables	26	**40**	9,767	**–**	–
Deferred tax liabilities	23	**178**	775	**–**	–
Total non-current liabilities		**31,733**	177,197	**14,019**	35,209
Capital, reserves and non-controlling interests					
Share capital	35	**73,194**	73,194	**73,194**	73,194
Treasury shares	36	**(269)**	(269)	**(269)**	(269)
Currency translation reserve	37	**605**	(245)	**–**	–
Capital reserve	38	**–**	18,561	**(274)**	(274)
Accumulated losses		**(51,363)**	(10,370)	**(57,837)**	(15,001)
Equity attributable to owners of the Company		**22,167**	80,871	**14,814**	57,650
Non-controlling interests	39	**(3,518)**	50,467	**–**	–
Net equity		**18,649**	131,338	**14,814**	57,650
Total liabilities and equity		**308,157**	653,188	**95,556**	151,056

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 May 2020

	Note	Group **2020 $'000**	2019 $'000 (Restated)
Continuing operations			
Revenue	40	**329,945**	249,338
Cost of sales		**(331,030)**	(231,658)
Gross profit		**(1,085)**	17,680
Other operating income	41	**3,623**	1,241
Administrative expenses		**(16,011)**	(15,854)
Other operating expenses	42	**(4,844)**	(2,517)
Share of results of associates and joint venture	17	**746**	568
Finance costs	43	**(7,034)**	(5,168)
Impairment loss on financial assets and contract assets	45	**(1,179)**	–
Impairment loss on financial assets written back	45	**–**	500
Loss before tax		**(25,784)**	(3,550)
Income tax expense	44	**(3,416)**	(1,534)
Loss for the year from continuing operations		**(29,200)**	(5,084)
Loss for the year from discontinued operations, net of tax	46	**(35,365)**	(24,526)
Loss for the year	45	**(64,565)**	(29,610)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences, representing other comprehensive income/(loss) for the year		**3**	(1,218)
Total comprehensive loss for the year		**(64,562)**	(30,828)
Loss attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		**(27,694)**	(3,732)
Loss from discontinued operations, net of tax		**(31,860)**	(14,441)
		(59,554)	(18,173)
Non-controlling interests			
Loss from continuing operations, net of tax		**(1,506)**	(1,352)
Loss from discontinued operations, net of tax		**(3,505)**	(10,085)
		(5,011)	(11,437)
Loss for the year		**(64,565)**	(29,610)
Total comprehensive loss attributable to:			
Owners of the Company		**(59,093)**	(18,739)
Non-controlling interests		**(5,469)**	(12,089)
		(64,562)	(30,828)
Loss per share			
From continuing and discontinued operations			
- Basic (cents)	47	**(9.21)**	(3.28)
- Diluted (cents)	47	**(9.21)**	(3.28)
From continuing operations			
- Basic (cents)	47	**(4.28)**	(0.67)
- Diluted (cents)	47	**(4.28)**	(0.67)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 May 2020

	Share capital $'000	Treasury shares $'000	Currency translation reserve $'000	Capital reserve $'000	Accumulated profits/(losses) $'000	Equity attributable to Owners of the Company $'000	Non-controlling interests $'000	Total $'000
Balance at 1 June 2018	58,701	(269)	321	18,741	7,803	85,297	62,802	148,099
Total comprehensive loss for the year:								
Loss for the year	–	–	–	–	(18,173)	(18,173)	(11,437)	(29,610)
Other comprehensive loss for the year	–	–	(566)	–	–	(566)	(652)	(1,218)
Total comprehensive loss for the year	–	–	(566)	–	(18,173)	(18,739)	(12,089)	(30,828)
Transaction with Owners, recognised directly in equity:								
Issuance of shares (Note 35)	14,493	–	–	–	–	14,493	–	14,493
Share issue expenses	–	–	–	(180)	–	(180)	–	(180)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(246)	(246)
Balance at 31 May 2019	73,194	(269)	(245)	18,561	(10,370)	80,871	50,467	131,338

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 May 2020

	Share capital $'000	Treasury shares $'000	Currency translation reserve $'000	Capital reserve $'000	Accumulated profits/(losses) $'000	Equity attributable to Owners of the Company $'000	Non-controlling interests $'000	Total $'000
Balance at 1 June 2019	73,194	(269)	(245)	18,561	(10,370)	80,871	50,467	131,338
Total comprehensive income/(loss) for the year:								
Loss for the year	–	–	–	–	(59,554)	(59,554)	(5,011)	(64,565)
Other comprehensive income/(loss) for the year	–	–	461	–	–	461	(458)	3
Total comprehensive income/(loss) for the year	–	–	461	–	(59,554)	(59,093)	(5,469)	(64,562)
Transaction with Owners, recognised directly in equity:								
Disposal of a subsidiary	–	–	389	(18,561)	18,561	389	(48,536)	(48,147)
Contribution from non-controlling interest	–	–	–	–	–	–	20	20
Balance at 31 May 2020	73,194	(269)	605	–	(51,363)	22,167	(3,518)	18,649

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 May 2020

	Note	Group 2020 $'000	Group 2019 $'000
Operating activities			
Loss before tax from continuing operations		**(25,784)**	(3,550)
Loss before tax from discontinued operations		**(35,374)**	(23,808)
Adjustments for:			
Share of results of associates and joint venture	17	**(144)**	226
Depreciation of property, plant and equipment	45	**6,074**	7,890
Allowance for diminution in value of completed properties and land for sale	42	**–**	542
Allowance for doubtful other receivables	45	**169**	181
Allowance for doubtful loan receivables	45	**–**	665
Allowance for impairment loss on contract assets	45	**957**	–
Allowance for doubtful trade receivables	45	**53**	663
Allowance for doubtful trade receivables written back	45	**–**	(485)
Allowance for doubtful other receivables written back	45	**–**	(15)
Write back of loss allowance for contract assets	45	**–**	(658)
Amortisation of deferred commission expenses	45	**1,733**	4,554
Amortisation of deferred show flat costs	45	**1,150**	433
Amortisation of financial guarantee liabilities	41	**(186)**	(263)
Amortisation of intangible asset	42	**744**	745
Amortisation of issuance costs on notes payable	45	**282**	210
Changes in fair value of financial assets at FVTPL	42	**82**	536
Changes in fair value of investment properties	42	**1,189**	691
Club membership written off	19	**5**	–
Gain on disposal of an associate	41	**–**	(139)
Loss on disposal of property, plant and equipment	42	**6**	24
Impairment loss on investment in associates	42	**–**	3,600
Impairment loss on property, plant and equipment	42	**2,484**	–
Impairment recognised based on net estimated fair value	42	**20,309**	–
Other receivable written off	42	**12**	154
Property, plant and equipment written off	42	**234**	261
Provision for maintenance costs	28	**462**	1,620
Trade receivables written off	42	**978**	117
Unrealised currency translation (gain)/loss		**(219)**	1,376
Interest income	41	**(229)**	(398)
Interest expense	43	**12,470**	13,272
Operating cash flows before movements in working capital		**(12,543)**	8,444
Trade receivables		**3,799**	(13,850)
Other receivables		**1,769**	2,531
Inventories		**81**	(35)
Contract assets		**(5,617)**	(41,697)
Contract costs		**(3,409)**	(2,206)
Development properties		**15,609**	(5,591)
Completed properties and land for sale		**9,954**	25,868
Trade payables		**936**	62,132
Other payables		**12,707**	2,306
Contract liabilities		**2,704**	(2,602)
Utilisation of provision for maintenance costs		**(1,219)**	(1,662)
Cash generated from operations		**24,771**	33,638
Interest paid		**(3,539)**	(4,843)
Income tax paid		**(2,377)**	(1,966)
Net cash generated from operating activities		**18,855**	26,829

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 May 2020

	Note	Group 2020 $'000	2019 $'000
Investing activities			
Proceeds on disposal of financial assets at amortised cost		**–**	25
Proceeds on disposal of an associate		**–**	5,000
Proceeds on disposal of property, plant and equipment		**443**	801
Purchase of investment property		**–**	(45)
Purchase of property, plant and equipment	A	**(1,338)**	(2,683)
Net cash inflow from the disposal of a subsidiary	50	**25,074**	–
Investment in associates		**–**	(4,658)
Loans receivables		**(18)**	(347)
Repayment of finance lease receivables		**10**	–
Repayment of loans receivables		**225**	3,219
Dividend received from associates and joint venture		**–**	2,366
Interest received		**114**	1,421
Net cash generated from investing activities		**24,510**	5,099
Financing activities			
Drawdown of bank loans		**159,194**	115,515
Repayment of bank loans		**(145,938)**	(116,943)
Drawdown of long-term borrowings		**10,195**	55,335
Repayment of long-term borrowings		**(37,281)**	(50,627)
Repayment of notes payable		**(18,439)**	(1,766)
Increase in bank balances pledged		**(315)**	(2,749)
Repayment of principal portion of lease liabilities/finance leases		**(2,262)**	(600)
Repayment of loan to a director		**–**	(10,000)
Repayment of loan to non-controlling interest		**(3,004)**	–
Loan from non-controlling interests		**–**	1,480
Capital injection by non-controlling interest		**20**	–
Payment of rights issue expenses		**–**	(180)
Proceeds from rights issue	35	**–**	14,493
Dividends paid to non-controlling interests	B	**–**	(656)
Interest paid		**(12,552)**	(7,871)
Net cash used for financing activities		**(50,382)**	(4,569)
Net (decrease)/increase in cash and cash equivalents		**(7,017)**	27,359
Cash and cash equivalents at beginning of year		**57,554**	30,291
Effect of foreign exchange rate changes		**33**	(96)
Cash and cash equivalents at end of year	6	**50,570**	57,554

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,338,000 (2019 - $3,835,000) of which $NIL (2019 - $1,152,000) was acquired under finance lease arrangement and the balance of $1,338,000 (2019 - $2,683,000) was paid in cash.

Note B

In 2018, the Group declared dividends amounting to $2,251,000 to its non-controlling interest of which $410,000 remained outstanding as of year end 2018 and included in other payable. The dividend was paid in 2019.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

1 GENERAL

(a) 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.

(b) 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 17 and 18 respectively.

(c) As at 31 May 2020, the Group and the Company's current liabilities exceeded its current assets by $4,949,000 ("Group's Net Current Liabilities") and $39,820,000, respectively. At the Company level, the net current liabilities is due mainly to inter-company payables to certain subsidiaries. Subsequent to the financial year-end,

i. A subsidiary has obtained confirmations from all of its shareholders on 5 October 2020, not to demand for repayment of their respective proportionate shareholders' loans for a period of 13 months. The proportionate of non-controlling shareholders' loans amounted to $8,184,000.

ii. The Company's controlling shareholder, Tramore Global Limited ("TGL") had provided an interest-free short-term advance amounting to $750,000 to the Company in September 2020.

iii. TGL has further undertaken to provide financial support to cover the Group's Net Current Liabilities for the financial year ending 31 May 2021, so that the Group's current liabilities can be met as they fall due.

iv. The Group is the process of obtaining waivers for the breach of various bank covenants in respect of outstanding loans amounting to $57.5 million (Note 31). To date, the Group has not received any demand for immediate repayment for these loans.

v. The Company is exploring various options to strengthen its capital base.

In view of the above, the Directors and Management of the Company are of the view that it is appropriate to continue to adopt the going concern assumption in the preparation of the accompanying financial statements.

(d) The consolidated financial statements of the Group for the year ended 31 May 2020 and statement of financial position of the Company as at 31 May 2020 were authorised for issue by the Board of Directors on the date of the directors' statement.

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 (International) ("SFRS(I)s").

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the 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.

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 SFRS(I)s). 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 for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 SFRS(I) 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *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 SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *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 SFRS(I).

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other operating income" (Note 41).

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" or "other operating expenses" line item. Fair value is determined in the manner described in Note 4.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost or measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income" or "other operating expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, loan receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- An actual or expected significant deterioration in the operating results of the debtor;

- Significant increases in credit risk on other financial instruments of the same debtor; and

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down. For a lease receivable, the cash flows used for determining the credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 Leases.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 issued by the Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Company's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination 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
- 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
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other operating income" or "other operating expenses" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised 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 in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss. Fair value is determined in the manner described in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" or "other operating expense" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (before 1 June 2019)

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.

(a) 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.

(b) 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.

Leases (from 1 June 2019)

The Group has applied SFRS(I) 16 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

The lessee accounting policy for leases from 1 June 2019 are as follows:

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (from 1 June 2019) (cont'd)

(a) The Group as lessee (cont'd)

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate ("IBR") specific to the lessee. The IBR is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value assets, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related ROU asset or to profit or loss if the carrying amount of the ROU asset has already been reduced to zero whenever:

(i) the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

(ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

(iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (from 1 June 2019) (cont'd)

(a) The Group as lessee (cont'd)

Right-of-use asset ("ROU")

The ROU asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a ROU asset, the costs are included in the related ROU asset, unless those costs are incurred to produce inventories.

Depreciation on ROU assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset as set out in the accounting policies for "Property, plant and equipment".

If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Group expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The ROU assets (except for those which meets the definition of an investment property) are presented within Property, plant and equipment in the statement of financial position.

A ROU asset which meets the definition of an investment property is presented within "Investment properties" in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss.

(b) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term within "revenue" in profit or loss. Rental income from subleased property is recognised within "other operating income" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (from 1 June 2019) (cont'd)

(c) Intermediate lessor in sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption, then it classifies the sublease as an operating lease.

When the sublease is assessed as a finance lease, the Group derecognises the ROU asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "finance lease receivables" in the statement of financial position. Any differences between the ROU asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD-FOR-SALE AND DISCONTINUED OPERATIONS - Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

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 comprise properties in the course of development and completed properties held-for-sale in the ordinary course of business.

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

Cost of development properties comprises costs that relate directly to the development, such as cost of land and construction and related costs that are attributable to development activities and can be allocated to the development project.

When losses are expected, full allowance are recognised as expenses immediately based on best estimates of net realisable value and estimated costs to completion.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEVELOPMENT PROPERTIES (cont'd)

Land held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

The Group's policy for revenue recognition in relation to development properties is described under "Revenue recognition" below.

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.

Deferred 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 "contract costs" in the statements of financial position. Such assets are expensed as and when the related revenue is recognised.

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

INTANGIBLE ASSETS - Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses.

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:

Buildings on freehold land	–	2.5% to 4%
Leasehold land and 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%
Leased premises	–	over remaining period of lease

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

Freehold land is not depreciated.

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.

Leased assets 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.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - 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.

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.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint 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.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held-for-sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 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 SFRS(I) 1-36 *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 SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

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 SFRS(I) 9. 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 resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RELATED PARTIES - A related party is defined as follows:

(a) A person or a close member of that person's family is related to the group and company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the group and company or of a parent of the company.

(b) An entity is related to the group and the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is part, provides key management personnel services to the company or the parent of the company.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOVERNMENT GRANTS (cont'd)

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 – The Group recognises revenue from the following major sources:

- Construction engineering contracts
- Sale of goods
- Sale of development properties
- Revenue from services rendered
- Interest income
- Dividend income
- Rental income from investment properties
- Revenue from hotel operations

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Construction engineering contracts</u>

The Group undertakes large-scale and complex engineering projects as well as infrastructure-related projects. The Group provides engineering services including, electrical, air conditioning and mechanical ventilation, fire protection, sub structure, civil and architecture and interior decoration. These projects can range from short term of a few months to long term of a few years.

Such contracts are entered into before provision of the engineering services begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the services to another customer and has an enforceable right to payment for work done.

Revenue from construction engineering contracts is therefore recognised over time on a cost-to-cost method. i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Short-term construction engineering services, as represented by the contract value of the services to be rendered, are recognised at a point in time when performance obligations have been satisfied.

A contract asset is recognised for the cumulative revenue recognised but not yet invoiced whilst a contract liability is recognised for advance payments from customers which the Group needs to perform work to satisfy the performance obligations.

<u>Sale of goods</u>

Revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Sale of development properties

The Group constructs and sells residential and commercial properties under long-term contracts with customers.

Under the terms of the contracts for sale of residential and commercial properties, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue is recognised based on the percentage of completion of construction. The percentage of completion is measured by reference to the construction and other related costs incurred to date as compared to the estimated total construction and other related costs of the development projects as approved by management. Management considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract.

For development properties under construction, the Group becomes entitled to invoice customers for construction of residential and commercial properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third party surveyor and an invoice for the related milestone payment. For completed development properties, the Group is entitled to invoice customers in accordance with the payment schedule in the sales contract.

The Group would recognise a contract asset for any work performed (for development properties under construction) or for any revenue recognised (for completed development properties). Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

The Group has elected to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods that have not been recognised as expenses.

The Group receive payments from customers for the sales of development properties. Under the payment schemes, the time when payments are made by the customer and the transfer of control of the property to the customer does not coincide and where the difference between the timing of receipts of the payments and the transfer of control of the property is 12 months or more, there exists a significant financing component arising from payments from customers. For such payment arrangements, the Group adjusts the promised amount of consideration for the effect of a financing component, if significant.

The sales and purchase agreements provide for payment of liquidated damages to buyers on delays in contractual handover of units. In addition, under certain sales and purchase agreements, the Group provides the customers guaranteed rental over a period of 3 years. Such payments for liquidated damages and rental guarantee give rise to variable considerations under SFRS(I) 15. The variable considerations are estimated and are constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Rendering of services

The Group provides waste and recycling management services. Such services are recognised as a performance obligation satisfied over time, when control of services are transferred to customers. This generally occurs when the waste is collected and processed.

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 from investment properties

The Group leases out its investment properties under operating lease and recognised rental income proportionately over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis. Rental payments received in advance are recorded as unearned income and amortised proportionately over the lease term using the straight-line method.

Hotel operations

Revenue from hotel operations, comprising primarily the rental of rooms, food and beverage sales and other services, is recognised over the period in which the accommodation and related services provided, except for revenue from the sale of food and beverages, which is recognised at a point in time when the food and beverage are delivered.

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.

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 consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

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 in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

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.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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 that form an integral part of cash management, and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Interim Group Chief Executive, who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Interim Group Chief Executive to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

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 on-going 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.

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

The following are the critical judgements, apart from those involving estimation (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Determination of lease terms

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities or assets arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolio and concluded that they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

(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 year, are discussed below:

(i) Revenue recognition

As described in Note 2, the Group recognises revenue either at a point in time or over time, depending on the contractual terms. Revenue from construction engineering contracts and sales of residential and mixed-use properties in Singapore and residential development projects in Malaysia are recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

Significant management judgements are required to estimate the total budgeted contract costs which include estimation for variation works and any other claims from contractors or sub-contractors. Any changes to the total budgeted contract costs will impact the percentage of completion, resulting in an impact to the revenue recognised.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

(i) Revenue recognition (cont'd)

For projects that are liable to additional charges payable to the relevant authorities if the projects are not completed within the stipulated time, management takes into consideration the reasons for and the length of the time exceeded, the past experience of applying for extension of time and the likely outcome of such application for extension of time. Such charges are accrued only if it is probable that it will result in a liability.

(ii) Calculation of loss allowances

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes reference to historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade, other and loans receivables are disclosed in the respective notes to the financial statements.

(iii) Contract assets arising from construction engineering contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable and recognised over time on a cost-to-cost method i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Significant assumptions are required in determining the over time revenue recognition on cost-to-cost method. The estimated total contract revenue and estimated total construction costs include estimation for variation works and any other claims from contractors. In making these estimates, the Group relies on past experience and the work of external specialists.

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 expected profitability are realistic.

Additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

The carrying amount of the Group's contract assets are disclosed in Note 13.

(iv) Development properties, completed properties and land for sale

Development properties, completed properties and land 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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

(iv) Development properties, completed properties and land for sale (cont'd)

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 estimated costs to complete for each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The Group estimated selling prices by comparing these with recently transacted prices for the same project and with comparable properties in the vicinity or against valuation performed by independent professional appraisers.

The carrying amount of the Group's development properties, completed properties and land for sale as at prior year end are disclosed in Note 15.

(v) 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 and Company's investment in associates and joint venture and the Company's investment in subsidiaries are disclosed in Notes 17 and 18 respectively.

(vi) Valuation of investment properties

Investment properties are stated at fair value based on independent professional external appraisers. In determining the fair value, the appraisers have used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 22. The key assumptions used to determine the fair value include market-corroborated capitalisation yield, discount rate and comparable prices.

The appraisers have 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 22.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

(vii) Estimation of incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease. Therefore, it uses the IBR to measure lease liabilities. The IBR is defined as the rate of the interest that the lessee would have to pay to borrow over a similar security the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The Group and the Company estimates the IBR relevant to each lease by using observable inputs such as market interest rate and asset yield where available, and then making certain lessee specific adjustments such as Group entity's credit rating.

The carrying amount of the Group and the Company's lease liabilities and right-of-use assets are disclosed in Note 30 and Note 48, respectively. If the incremental borrowing rate had been 50 basis point higher/lower with all other variables held constant, the Group and the Company's ROU and lease liabilities would have been approximately lower/higher by $354,000 (2019: $Nil) and $340,000 (2019: $Nil), respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		**Company**	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Financial assets				
Amortised cost	**88,659**	129,980	**26,625**	10,798
Financial assets at fair value through profit or loss	**82**	164	**82**	164
Financial liabilities				
Amortised cost	**264,415**	511,604	**79,825**	93,257
Financial guarantee liabilities	**75**	365	**75**	149

Financial assets at amortised cost consist of cash and bank balances, trade receivables, loan receivables and other receivables excluding prepayments, deferred commission expenses, deferred show flat costs and accrued rental income.

Financial liabilities at amortised cost consist of bank loans and overdrafts, trade payables, other payables, provision for maintenance costs, finance leases, lease liabilities, term notes, long-term borrowings, long-term deposit, notes payable and financial guarantee liabilities.

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements at 31 May 2020 and 31 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

(c) *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 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.

<u>Foreign exchange risk management</u>

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

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:

	Liabilities		Assets	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Group				
Thai Baht	**816**	798	**6**	44
United States Dollar	**–**	21,000	**331**	421
Company				
United States Dollar	**–**	21,128	**9,320**	8,614

The Group has a number of investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. The Group did not 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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

Foreign currency sensitivity (cont'd)

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

	Thai Baht impact		United States Dollar impact	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Profit or loss	**81**	75	**(33)**	2,058

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.

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 and overdrafts, finance leases, long-term borrowings and notes payable and the details of the Group's interest rate exposure is disclosed in the respective notes to the financial statements.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the 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 loss for the year ended 31 May 2020 would increase/decrease by $382,000 (2019 - $1,532,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate payables and borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's loss for the year ended 31 May 2020 would increase/decrease by $70,000 (2019 - $202,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 May 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed below. The related loss allowance is disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

Credit risk management (cont'd)

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

Credit risk management (cont'd)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
31 May 2020						
Trade receivables	8	**(i)**	**Lifetime ECL (simplified approach)**	**30,202**	**(192)**	**30,010**
Other receivables	9	**Performing**	**12-month ECL**	**4,304**	**–**	**4,304**
Other receivables	9	**In default**	**Lifetime ECL**	**1,233**	**(1,233)**	**–**
Contract assets	13	**(i)**	**Lifetime ECL (simplified approach)**	**147,201**	**(957)**	**146,244**
31 May 2019						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	44,704	(268)	44,436
Other receivables	9	Performing	12-month ECL	10,540	–	10,540
Other receivables	9	In default	Lifetime ECL	4,772	(4,772)	–
Loans receivables	10	Performing	12-month ECL	11,504	(665)	10,839
Contract assets	13	(i)	Lifetime ECL (simplified approach)	176,419	(86)	176,333
Company						
31 May 2020						
Other receivables	9	**Performing**	**12-month ECL**	**43,338**	**(29,369)**	**13,969**
31 May 2019						
Other receivables	9	Performing	12-month ECL	28,714	(18,675)	10,039

[i] For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 8, 9, 10 and 13 include further details on the loss allowance for these assets respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

Credit risk management (cont'd)

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above and investments in these instruments, where the counterparties have minimum BBB- credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The review of customer credit limit is conducted annually.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group's credit risk is primarily attributable to its cash and bank balances, trade and other receivables and contract assets. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position.

In addition, the Group and the Company are exposed to credit risk in relation to financial guarantees given to banks. The Group and the Company's maximum exposure in this respect is the maximum amount the Group and the Company could have to pay if the guarantee is called on.

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 $4,989,000 and $156,523,000 (2019 - $32,305,000 and $111,434,000) respectively. Based on the expectations at the end of the reporting period, the Group and the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

(c) 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 the Company can be required to pay. The tables include 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	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
31 May 2020						
Non-interest bearing	**–**	**170,436**	**40**	**306**	**–**	**170,782**
Lease liabilities (fixed rate)	**3.19**	**2,691**	**8,598**	**8,198**	**(2,914)**	**16,573**
Variable interest rate instruments	**3.49**	**62,780**	**12,270**	**8,004**	**(6,119)**	**76,935**
Fixed interest rate instruments	**3.25**	**129**	**–**	**–**	**(4)**	**125**
Financial guarantee liabilities	**–**	**4,989**	**–**	**–**	**(4,914)**	**75**
Total		**241,025**	**20,908**	**16,508**	**(13,951)**	**264,490**
31 May 2019						
Non-interest bearing	–	192,845	–	306	–	193,151
Finance lease liability (fixed rate)	3.60	378	1,248	–	(137)	1,489
Variable interest rate instruments	4.13	154,014	164,886	25,410	(37,966)	306,344
Fixed interest rate instruments	4.99	803	10,402	–	(585)	10,620
Financial guarantee liabilities	–	32,125	180	–	(31,940)	365
Total		380,165	176,716	25,716	(70,628)	511,969

NOTES TO THE FINANCIAL STATEMENTS

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

(c) 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	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Company						
31 May 2020						
Lease liabilities (fixed rate)	**2.52**	**190**	**760**	**2,032**	**(545)**	**2,437**
Non-interest bearing	**–**	**63,168**	**–**	**306**	**–**	**63,474**
Variable interest rate instruments	**2.52**	**2,983**	**6,239**	**8,004**	**(3,312)**	**13,914**
Financial guarantee liabilities	**–**	**156,523**	**–**	**–**	**(156,448)**	**75**
Total		**222,864**	**6,999**	**10,342**	**(160,305)**	**79,900**
31 May 2019						
Non-interest bearing	–	52,554	–	306	–	52,860
Variable interest rate instruments	9.76	8,298	36,250	10,687	(14,838)	40,397
Financial guarantee liabilities	–	111,360	74	–	(111,285)	149
Total		172,212	36,324	10,993	(126,123)	93,406

The earliest period that the guarantee could be called is within 1 year (2019 - 1 year) from the end of the reporting period. The Group and the Company consider that it is more likely than not that no amount will be payable under the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

Liquidity and interest risk analysis (cont'd)

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 anticipate 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 assets 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						
31 May 2020						
Non-interest bearing	**–**	**84,794**	**535**	**–**	**–**	**85,329**
Fixed interest rate instruments	**1.05**	**3,419**	**–**	**–**	**(7)**	**3,412**
		88,213	**535**	**–**	**(7)**	**88,741**
31 May 2019						
Non-interest bearing	–	122,627	–	–	–	122,627
Fixed interest rate instruments	3.92	7,583	–	–	(66)	7,517
		130,210	–	–	(66)	130,144

	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						
31 May 2020						
Non-interest bearing	**–**	**20,344**	**–**	**–**	**–**	**20,344**
Fixed interest rate instruments	**4.00**	**6,363**	**–**	**–**	**–**	**6,363**
		26,707	**–**	**–**	**–**	**26,707**
31 May 2019						
Non-interest bearing	–	6,752	–	–	–	6,752
Fixed interest rate instruments	4.00	4,210	–	–	–	4,210
		10,962	–	–	–	10,962

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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

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

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; and
- 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.

(d) Capital 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 and lease liabilities as disclosed in respective notes to the financial statements and equity attributable to owners of the Company, comprising of share capital, reserves and accumulated losses. The Group is required to maintain the required 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	
	31 May 2020 $'000	31 May 2019 $'000
Total debts	**93,633**	308,717
Total assets	**308,157**	653,188
Total equity	**18,649**	131,338
Debt-to-total assets ratio (times)	**0.30**	0.47
Debt-to-total equity ratio (times)	**5.02**	2.35

The Group's overall strategy with regards to capital management remains unchanged from prior year.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

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 from continuing operations are as follows:

	Group	
	2020	2019
	$'000	$'000
(a) Associates and joint venture		
Dividend income	**–**	2,366
Interest income	**36**	115
Financial guarantee income	**186**	263
Management fee income	**248**	335
Consultancy and service income	**81**	90
(b) Company in which a director has significant financial interest		
Rental expenses	**67**	208

(c) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2020	2019
	$'000	$'000
Short-term benefits	**3,845**	3,953
Post-employment benefits	**153**	193
	3,998	4,146

	2020	2019
	$'000	$'000
Comprise amounts paid to:		
Directors of the Company	**895**	1,732
Directors of subsidiaries	**1,489**	905
Other key management personnel	**1,614**	1,509
	3,998	4,146

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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

5 RELATED PARTY TRANSACTIONS (cont'd)

(d) Guarantees given to associates

No guarantees have been given except that the financial guarantee liabilities (Note 32) 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.

(e) 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 $1,690 (2019 - $2,100).

The independent non-executive director had resigned on 27 August 2019.

(f) 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 $23,650 (2019 - $26,000).

(g) Advance (payable to)/receivable from related parties

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Advance receivable from Oscar (Note 9)	–	3,000

(i) A sum of $10.0 million representing the advance payable to the former Group Chief Executive ("Former GCE") of the Company was granted by the Former GCE to a subsidiary, TEE Land Limited ("TEE Land") in September 2017 pursuant to a loan agreement entered between the Former GCE and TEE Land on 31 August 2017, and was fully repaid by TEE Land to the Former GCE on 28 February 2019. The advance bore interest rate of 11.5% per annum and was unsecured. Interest expense and commitment fee expense recognised in the profit or loss for 2019 amounted to $616,000.

According to the Former GCE, based on the relevant supporting documents that the Former GCE has provided to the predecessor external auditors, the internal auditors and the External Investigator, (a) the shares in a subsidiary, TEE Resources Sdn. Bhd ("TEE Resources") (Note 18), were pledged by TEE Land in September 2017 as a security to a third-party lender (the "Lender") which had agreed to provide a credit facility of US$15.0 million to a related party, Oscar Investment Private Limited, ("Oscar") that is wholly-owned and controlled by the Former GCE; (b) this credit facility also bore interest at 11.5% per annum and was also supported by a personal guarantee given by the Former GCE. The purpose of the loan as stated in the loan facility agreement was to enable Oscar to apply all amounts borrowed to make intercompany loans to TEE Resources, as a back-to-back lending arrangement, to fund a certain development project; (c) out of the loan drawdown of US$10.0 million by Oscar from the Lender, Oscar had advanced certain amount of the loan proceeds to the Former GCE, who in turn advanced $10.0 million to TEE Land to fund a certain development project undertaken by Tee Resources; and (d) the pledge of the shares in TEE Resources was fully discharged by the Lender in September 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

5 RELATED PARTY TRANSACTIONS (cont'd)

(g) Advance (payable to)/receivable from related parties (cont'd)

(ii) The advance receivable from Oscar of $3.0 million as at prior year end was unsecured, interest-free and had no fixed terms of repayment. The advance was granted by two subsidiaries of the Company to Oscar. According to the Former GCE, based on the relevant supporting documents that the Former GCE has provided to the predecessor external auditors, the internal auditors and the External Investigator, $2.5 million of this advance was utilised by Oscar to repay its loan payable to the Lender as described in the preceding paragraph, while the balance of $0.5 million was utilised by the Former GCE. The advance was fully repaid by the Former GCE and Oscar to the Group in August 2019.

(iii) The following interest-free advances that were made during prior financial year have been fully repaid during prior financial year:

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Advance received from Oscar	**-**	(2,800)
Advance paid to Former GCE	**-**	500
Advance paid to Oscar	**-**	250

(iv) As disclosed in the Company's SGX announcement dated 13 September 2019, the Company had appointed an External Investigator to review, among other things, certain remittances paid to Oscar/the Former GCE amounting to $3.75 million and remittances received from Oscar amounting to $2.8 million that were referred to above. The investigation of the External Investigator was completed and the External Investigator's report was released through the Company's SGX announcement on 3 March 2020.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
<u>Financial assets</u>				
Cash at banks	**42,186**	39,443	**496**	758
Cash on hand	**44**	69	**1**	1
Project accounts:				
Cash at banks	**–**	18,366	**–**	–
Fixed deposits	**–**	2,997	**–**	–
Cash held in escrow	**8,500**	–	**8,500**	
	50,730	60,875	**8,997**	759
Cash at bank in disposal group held-for-sale (Note 16)	**34**	–	**–**	–
Less:				
Bank overdrafts (Note 24)	**(194)**	(3,321)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**50,570**	57,554	**8,997**	759

Fixed deposits as at prior year end bore average effective interest rate of 4.46% per annum and for a tenure of approximately 255 days.

Project accounts are subject to restrictions under the Singapore Housing Developers (Project Account) Rules (1997 Ed) and Section 7A of the Housing Development (Control and Licensing) Amendments Act, 2002 in Malaysia. 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	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Bank balances pledged	**3,615**	3,290	**–**	–
Less:				
Amounts receivable within 12 months (shown under current assets)	**(3,615)**	(3,290)	**–**	–
Amounts receivable after 12 months	**–**	–	**–**	–

These bank balances were pledged as security for certain bank facilities and bear average effective interest rate of 0.75% (2019 - 1.93%) per annum and for a tenure of approximately 366 days (2019 - 200 days).

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

8 TRADE RECEIVABLES

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Contract trade receivables	**24,492**	36,590	**3,613**	–
Third parties	**5,644**	7,499	**–**	–
Others	**66**	615	**46**	–
	30,202	44,704	**3,659**	–
Less: Allowance for impairment				
- At beginning of year	**(268)**	(110)	**–**	–
- Allowance for the year (Note 45)	**(53)**	(663)	**–**	–
- Foreign currency exchange adjustment	**8**	20	**–**	–
- Written off	**121**	–		
- Allowance written back (Note 45)	**–**	485	**–**	–
- At end of year	**(192)**	(268)	**–**	–
Trade receivables - net	**30,010**	44,436	3,659	–

The credit period granted to customers is generally 14 to 45 days (2019 - 14 to 45 days). No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

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 ten (2019 - ten) customers making up $13,984,000 (2019 - $12,889,000) which accounted for 46.6% (2019 - 29.0%) of the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

9 OTHER RECEIVABLES

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Associates and joint venture (a)	**12**	36	**12**	2
Subsidiaries (b)	**–**	–	**40,649**	27,195
Non-controlling interest (c)	**–**	1,113	**–**	–
Related party (d)	**–**	3,000	**–**	–
Interest receivables due from associates/ former associate	**–**	1,828	**–**	–
Interest receivables	**30**	34	**2,518**	1,315
Deferred commission expenses (e)	**418**	491	**418**	491
Deferred show flat costs (e)	**–**	2,109	**–**	–
Lease receivables (f)	**190**	–	**–**	–
Prepayments	**1,095**	1,894	**31**	38
Deposits (g)	**3,311**	5,918	**159**	202
Advances to directors of subsidiaries (h)	**388**	658	**–**	–
Accrued rental income	**522**	613	**524**	613
Outside parties (i)	**1,606**	2,725	**–**	–
	7,572	20,419	**44,311**	29,856
Less: Allowance for impairment				
- At beginning of year	**(4,772)**	(4,559)	**(18,675)**	(19,508)
- Effects on disposal of TEE Land	**3,735**	–	**–**	–
- Foreign currency exchange adjustment	**(27)**	(47)	**–**	–
- Allowance for the year (Note 45)	**(169)**	(181)	**(10,694)**	–
- Allowance written back (Note 45)	**–**	15	**–**	833
- At end of year	**(1,233)**	(4,772)	**(29,369)**	(18,675)
Other receivables - net	**6,339**	15,647	**14,942**	11,181
Amounts receivable within 12 months (shown under current assets)	**(5,027)**	(14,287)	**(14,165)**	(10,240)
Amounts receivable after 12 months	**1,312**	1,360	**777**	941

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

(a) Amount due from associates and joint venture of are unsecured, interest-free and repayable within 12 months from the reporting date. An allowance has been made for estimated irrecoverable amounts of by the Company of $12,000 (2019: $2,000)

(b) Amounts of $34,286,000 (2019 - $20,443,000) are interest-free whilst amount of $6,363,000 (2019- $6,752,000) due from a subsidiary bears interest at 4% (2019 – 4%) per annum. Amounts due from subsidiaries are unsecured and repayable on demand. Allowance has been made for estimated irrecoverable amounts by the Company of $29,357,000 (2019 - $18,673,000).

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

9 OTHER RECEIVABLES (cont'd)

(c) Other receivables due from non-controlling shareholders of $1,113,000 as at prior year end were unsecured, interest-free and repayable within 12 months. The fair value approximates its carrying amount.

(d) Other receivables due from a related party of $3,000,000 as at prior year end were unsecured, interest-free and had no fixed terms of repayment as disclosed in Note 5 (g)(ii). The amount was fully repaid in August 2019.

(e) Deferred commission expenses are recognised in profit or loss as and when revenue is recognised.

Deferred show flat costs are capitalised and amortised to profit or loss over marketing period.

(f) This relates to a finance leasing arrangement in respect of a subsidiary's electric power generation system. The term of the finance lease entered into with third party is 20 years with an option granted to the lessee to purchase the asset at end of lease period at a nominal amount.

(g) Included in deposits are:

(i) An amount of $3,374,000 for an option to acquire 26 plots of land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia from a third party (the "Seller 1"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller 1 and assessed and determined that the option money may not be collectable. Accordingly, full allowance for doubtful receivable has been provided for this option money amount in 2016. In 2019, management reassessed that the option money may still be uncollectable and hence remain as doubtful receivables at the end of the reporting period.

(ii) An amount of $361,000 for an option to acquire land located in Batam Island, Indonesia from a third party (the "Seller 2"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller 2 and assessed and determined half of the deposit paid may not be collectable. Accordingly, full allowance for doubtful receivable has been provided in 2019.

(iii) An amount of $2,199,000 (2019 - $105,000) security deposits are placed for on-going business projects.

(iv) The deposits as disclosed in (i) and (ii) above were derecognised on the disposal of a subsidiary as disclosed in Note 50.

(h) Advances to directors of subsidiaries are provided under an approved employees loan scheme and are unsecured, interest-free and repayable by monthly installment over a period of 3 years to 5 years.

(i) The amount due from outside parties relating to disposal of property, plant and equipment in prior year are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Group of $988,000 (2019 - $988,000).

NOTES TO THE FINANCIAL STATEMENTS

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10 LOANS RECEIVABLES

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Loans receivables from associates	**–**	11,504
Less: Allowance for impairment		
- At beginning of year	**(665)**	–
- Allowance for the year (Note 45)	**–**	(665)
- Effects on disposal of TEE Land	**665**	–
- At end of year	**–**	(665)
Loans receivables from associates - net	**–**	10,839

In 2019, included in the Group's loans receivables is an amount of $9,608,000 which was unsecured, interest-free and expected to be repaid upon completion of the development project held by an associate. The remaining amount of $1,231,000 was unsecured, bore interest which was fixed at 5.00% per annum.

For purpose of impairment assessment, the loans receivables are considered to have low credit risk as they are repayable on demand at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12 months ECL.

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management is of the view that the ECL relating to these financial assets is not significant.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	31 May 2020 $'000	31 May 2019 $'000
Listed equity securities, at fair value	**82**	164

The balance represented investment in a listed equity security in Singapore and measured at fair value by reference to quoted prices as at year end.

The fair value measurement of the listed equity securities is classified within Level 1 of the fair value hierarchy. Changes in the fair value of financial asset at fair value through profit or loss, amounting to $82,000 (2019 - $536,000) have been included in profit or loss for the year as part of "other operating expenses".

The Group and the Company's investments have been mandatorily measured at FVTPL.

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31 May 2020

12 INVENTORIES

	Group	
	31 May 2020 $'000	31 May 2019 $'000
At cost:		
Consumables	**77**	203

13 CONTRACT ASSETS

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Accrued revenue	**304**	35,235
Amounts related to construction engineering contracts	**146,897**	141,184
	147,201	176,419
Less: Allowance for impairment		
- At beginning of year	**(86)**	(744)
- Allowance for the year (Note 45)	**(957)**	–
- Allowance written back (Note 45)	**–**	658
- Allowance written off	**86**	–
- At end of year	**(957)**	(86)
Contract assets - net	**146,244**	176,333

Contract assets relating to accrued revenue are amounts for which the Group has performed work as at end of reporting period, but have not billed the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract assets relating to construction engineering contracts are balances due from customers under contract income that arise when the Group becomes entitled to invoice customers in line with achieving a series of performance–related milestones. The Group would recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry.

None of the contract assets at the end of the reporting period is past due.

14 CONTRACT COSTS

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Costs to obtain contracts	**–**	1,240

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

14 CONTRACT COSTS (cont'd)

As at prior year end, costs to obtain contracts relate to incremental commission fees ranging from 3% to 8% and legal fees paid to intermediaries as a result of obtaining residential property sales contracts.

These costs are amortised on a straight–line basis over the period of construction (in general, 2 to 3 years) as this reflects the period over which the residential property is transferred to the customer. During the year, the Group's amortisation amounting to $1,660,000 (2019: $4,481,000) was recognised as part of the cost of sales recognised from discontinued operations. There was no impairment loss in relation to the costs capitalised.

15 DEVELOPMENT PROPERTIES / COMPLETED PROPERTIES AND LAND FOR SALE

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Development properties	**–**	175,838
Completed properties and land for sale	**–**	42,974
Total	**–**	218,812

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Land and land related costs	**–**	167,420
Development costs	**–**	8,418
	–	175,838

Development properties have operating cycles longer than one year and are intended for sale in the Group's normal operating cycle. Accordingly, the development properties are classified as current assets.

Development properties recognised as "cost of sales" amounted to $25,400,000 (2019 - $54,480,000) during the year was included in loss from discontinued operations.

<u>Allowance for diminution in value for completed properties and land for sale</u>

	Group	
	31 May 2020 $'000	31 May 2019 $'000
At beginning of the year	**4,052**	6,275
Charge to profit or loss	**–**	542
Write off	**–**	(2,765)
Effects on disposal of TEE Land	**(4,052)**	–
At end of the year	**–**	4,052

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31 May 2020

15 DEVELOPMENT PROPERTIES / COMPLETED PROPERTIES AND LAND FOR SALE (cont'd)

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 certain properties due to the weakening market conditions of these properties.

Details of the Group's development properties as at 31 May 2019 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)	Group's interest in property
Properties in the course of development:							
Rezi 35 Geylang Lorong 35, Singapore	44 units of residential apartments	Freehold	94%	May 2020	1,115	3,121	–*
Lattice One 1 Seraya Crescent, Singapore	48 units of residential apartments	Freehold	15%	2022	2,477	3,468	–*
35 Gilstead 35 Gilstead Road, Singapore	70 units of residential apartments	Freehold	12%	2022	3,538	4,953	–*

Details of the Group's completed properties and land for sale as at 31 May 2019 are as follows:

Name of Property/location	Description	Tenure	Gross floor area/ land area (sq m)	Group's interest in Property
The Peak @ Cairnhill I, 51 Cairnhill Circle, Singapore	1 unit of residential apartment	Freehold	86	–*
183 Longhaus, 183 Upper Thomson Road Singapore	10 commercial units	Freehold	1,049	–*
Third Avenue, Jalan Teknokrat 3, Cyberjaya, Selangor, Malaysia	4 units residential units and 3 commercial units and 1 office block	Freehold	20,725	–*
Peach Garden, Phu Huu Residential District 9, Ho Minh City, Vietnam	23 plots of lands	Freehold	3,945	–*

* Disposed in 2020. Information about the Group's disposal of TEE Land is disclosed in Note 50.

Development properties were pledged to banks to secure the bank loans and long-term borrowings granted to the Group as disclosed in Notes 24 and 31 respectively.

Finance costs capitalised as cost of development properties as at 31 May 2019 amounted to $108,000 at interest rates of 11.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

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16 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

Following the approval of the Group's Board during the year to dispose of the entire issued share capital of Arrow Waste Management Pte Ltd (the "disposal group" or "AWM") to Sustainable Waste Management Holdings Pte Ltd, the assets and liabilities related to the disposal group have been presented separately in the consolidation statement of financial position as a disposal group held-for-sale.

The expected completion date of the disposal group was on 29 May 2020. However, subsequently the Company and its subsidiary, TEE Infrastructure Private Limited ("TEE Infra"), received termination notices of the proposed disposal from the purchaser. TEE Infra and the purchaser have commenced Without Prejudice negotiations. As the Company and its subsidiaries intend to cease operations of the disposal group should the disposal did not materialise, the Group has accounted the disposal group as discontinued operations. The discontinued operations of AWM recorded a loss of $4,525,000 (2019 - $772,000) mainly due to provision of liquidated damages and other costs of approximately $1,593,000 (2019 - $Nil) for intended pre-termination of contract with Jurong Town Corporation ("JTC") in respect of the lease of land.

The assets and liabilities of the disposal group classified as held-for-sale are as follows:

	31 May 2020 $'000
Assets	
Property, plant and equipment[(a)]	**16,950**
Other receivables	**57**
Cash at bank	**34**
Assets of the disposal group	**17,041**
Liabilities	
Other payables	**2,308**
Lease liabilities	**17,532**
Liabilities of the disposal group	**19,840**

(a) There are right-of-use assets in respect of the lease of 4 plots of land from JTC which AWM intends to pre-terminate the contract and return the land to JTC. AWM is currently in negotiation with JTC to waive the liquidated damages.

Non-current assets held-for-sale

In the prior years, following the approval of the Group's Board on 26 July 2016 to dispose of the two hotels in Australia, the freehold land and building on freehold land were classified as "non-current assets held-for-sale" in the consolidated statement of financial position.

One of the hotels was sold in the year 2017, but the sale of Larmont Hotel did not materialise. Since the Larmont Hotel no longer meets the classification as non-current asset held-for-sale, and in compliance with SFRS (I) 5 *Non-current Assets Held-for-sale and Discontinued Operations*, the Group has reclassified Larmont Hotel from non-current asset held-for-sale back to the property, plant and equipment (Note 21) in the prior years. A remeasurement adjustment of $1,568,000 (Note 21) for depreciation that would have recognised if the assets had not been classified as held-for-sale have been included in the "administrative expenses" in the Group's profit or loss for the previous year 2019.

NOTES TO THE FINANCIAL STATEMENTS

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17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Associates				
Unquoted equity shares, at cost	**11,280**	11,280	**300**	300
Deemed cost of investment	**4,793**	4,756	**–**	–
Share of post-acquisition reserves, net of dividend received	**2,543**	1,710	**–**	–
Effects on disposal of TEE Land (Note 50)	**(8,725)**	–	**–**	–
	9,891	17,746	**300**	300
Less: Impairment:				
- At beginning of year	**(4,091)**	(491)	**(300)**	(300)
- Recognised in profit or loss	**–**	(3,600)	**–**	–
- Currency alignment	**(25)**	–	**–**	–
- Effects on disposal of TEE Land (Note 50)	**3,871**	–	**–**	–
- At end of year	**(245)**	(4,091)	**(300)**	(300)
Associates - Net	**9,646**	13,655	**–**	–
Joint venture				
Unquoted equity shares, at cost	**9**	9	**–**	–
Share of post-acquisition reserves, net of dividend received	**121**	120	**–**	–
Total	**130**	129	**–**	–

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 impairment loss of $Nil (2019 - $3,600,000) is recognised during the year based on the fair value less cost to sell.

The Group's wholly-owned subsidiary, TEE Infra, together with Dymon Asia Capital (Singapore) Pte. Ltd.'s private equity arm, through their newly incorporated associate company, TEE Medical Services Pte. Ltd. ("TEE Medical"), entered into a sale and purchase agreement to acquire 45% stake of the biohazardous waste, cytotoxic waste and pharmaceutical waste treatment business from SembCorp Environment Pte. Ltd., a wholly-owned subsidiary of Sembcorp Industries Limited for a consideration of $20,000,000. The acquisition was completed on 1 September 2018.

On 28 February 2019, TEE Infra entered into an agreement with Asia Enviro Services Ltd. and completed its disposal of its entire 45% stake in TEE Medical. A gain on disposal of $139,000 (Note 41) has been included in the line item "other operating income" in prior year profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Details of the Group's significant associates and joint venture are as follows:

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held 31 May 2020 %	 31 May 2019 %
Associates			
Unique Development Pte. Ltd. ("UDPL") Singapore (2) (6)	Development of real estate	–*	12.66
Unique Realty Pte. Ltd. ("UREL") Singapore (2) (6)	Development of real estate	–*	12.66
Residenza Pte. Ltd. ("RPL") Singapore (2) (6)	Development of real estate	–*	20.02
Unique Consortium Pte. Ltd. ("UCPL") Singapore (2) (6)	Investment holding company	–*	12.66
Unique Commercial Pte. Ltd. ("UCom") Singapore (4) (6)	Development of real estate	–*	22.15

* Disposed in 2020, Information about the Group's disposal of TEE Land is disclosed in Note 50.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Details of the Group's significant associates and joint venture are as follows:

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held **31 May 2020** **%**	 31 May 2019 %
Associates			
Wealth Development Pte. Ltd. ("WDV") Singapore(2) (6)	Development of real estate	**–***	18.98
Development 26 Pte. Ltd. ("D26") Singapore (2) (6)	Development of real estate	**–***	28.48
PowerSource Philippines Distributed Power Holdings, Inc. ("PWS") Philippines(5)	Construction, operation and maintenance of power plants	**21.05**	21.05
Global Environmental Technology Co., Ltd. ("GETCO") Thailand (1)	Wastewater treatment	**49.00**	49.00
Joint venture			
TEE-HC Engineering Company Limited Macao (3) (7)	Provision of mechanical and electrical engineering	**55.00**	55.00

* Disposed in 2020, Information about the Group's disposal of TEE Land is disclosed in Note 50.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

(1) Audited by another firm of auditors, Ernst & Young Office Limited, Thailand for equity accounting purposes for Group consolidation.

(2) Audited by another firm of auditors, Ernst & Young LLP, Singapore for equity accounting purposes for Group consolidation.

(3) Audited by another firm of auditors, KPMG, Macao for equity accounting purposes for Group consolidation.

(4) Audited by another firm of auditors, Baker Tilly TFW LLP, Singapore for equity accounting purpose for Group consolidation.

(5) Audited by another firm of auditors, KPMG, Philippines for equity accounting purposes for Group consolidation.

(6) Held by a subsidiary, TEE Land (Note 50) and disposed on 3 February 2020.

(7) In 2020, TEE-HC Engineering Company Limited is in midst of deregistration.

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.

Summarised financial information in respect of the Group's associates and joint venture is set out below:

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Total assets	**220,080**	225,605
Total liabilities	**(173,951)**	(180,345)
Net assets	**46,129**	45,260
Group's share of associates' and joint venture's net assets	**9,776**	13,784

	2020 $'000	2019 $'000
Revenue	**26,143**	25,067
Loss for the year	**(1,211)**	(3,218)
Group's share of associates' and joint venture's results for the year		
- continuing operations	**746**	568
- discontinued operations (Note 46)	**(602)**	(794)
	144	(226)
Dividends received from associates and joint venture during the year	**–**	2,366

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

17 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 SFRS(I) 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

31 May 2020

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	UCOM $'000	WDV $'000	PWS $'000	GETCO $'000	Individually immaterial associates $'000	TEE-HC Engineering $'000	Total $'000
Proportion of the Group's ownership interest	12.66%	12.66%	20.02%	12.66%	28.48%	22.15%	18.98%	21.05%	49.00%	22.15% to 50.00%	55.00%	
Current assets	2,373	2,342	1,997	23,003	425	50,352	30,065	17,603	5,056	4,446	241	137,903
Non-current assets	943	–	–	701	–	151	–	59,893	7,913	12,576	–	82,177
Current liabilities	(699)	(35)	(841)	(4,287)	(101)	(17,254)	(9,358)	(8,850)	(1,932)	(849)	(6)	(44,212)
Non-current liabilities	–	(97)	–	(17,143)	(420)	(37,227)	(22,000)	(46,047)	(1,007)	(5,798)	–	(129,739)
Net assets	2,617	2,210	1,156	2,274	(96)	(3,978)	(1,293)	22,599	10,030	10,375	235	46,129
Group's share of net assets	523	442	370	455	–	(446)	(388)	4,757	4,914	3,196	130	13,953
Deemed cost of investment	1,054	610	201	706	300	446	464	–	–	1,012	–	4,793
Impairment loss	(1,054)	(610)	(201)	(695)	(300)	–	–	–	–	(1,231)	–	(4,091)
Currency alignment	–	–	–	–	–	–	–	–	–	(25)	–	(25)
Effects on disposal of TEE Land (Note 50)	(523)	(442)	(370)	(466)	–	–	(76)	–	–	(2,977)	–	(4,854)
Carrying amount of the Group's interest in associate and joint venture	–	–	–	–	–	–	–	4,757	4,914	(25)	130	9,776

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of profit or loss and comprehensive income

2020

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	UCOM $'000	WDV $'000	PWS $'000	GETCO $'000	Individually immaterial associates $'000	TEE-HC Engineering $'000	Total $'000
Revenue	–	–	–	–	3,259	–	(76)	15,445	7,515	–	–	26,143
(Loss)/Profit for the year	(714)	246	(143)	(771)	157	(1,667)	(400)	2,372	551	(835)	(7)	(1,211)
Dividends received from associates and joint venture during the year	–	–	–	–	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of financial position

31 May 2019

	Associates										Joint Venture	
	UDPL	UREL	RPL	UCPL	D26	UCOM	WDV	PWS	GETCO	Individually immaterial associates	TEE-HC Engineering	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Proportion of the Group's ownership interest	12.66%	12.66%	20.02%	12.66%	28.48%	22.15%	18.98%	21.05%	49.00%	22.15% to 50.00%	55.00%	
Current assets	3,075	2,449	2,124	23,792	276	51,973	30,562	18,283	3,189	5,496	296	141,515
Non-current assets	943	–	–	1,723	–	151	–	59,436	8,678	13,159	–	84,090
Current liabilities	(687)	(391)	(825)	(5,335)	(109)	(6,027)	(9,454)	(13,724)	(1,966)	(1,255)	(62)	(39,835)
Non-current liabilities	–	(93)	–	(17,136)	(420)	(48,409)	(22,000)	(45,016)	(1,248)	(6,188)	–	(140,510)
Net assets	3,331	1,965	1,299	3,044	(253)	(2,312)	(892)	18,979	8,653	11,212	234	45,260
Group's share of net assets	666	393	416	609	–	(446)	(268)	3,995	4,240	3,385	129	13,119
Deemed cost of investment	1,054	610	201	694	300	446	440	–	–	1,011	–	4,756
Impairment loss	(1,054)	(610)	(201)	(694)	(300)	–	–	–	–	(1,232)	–	(4,091)
Carrying amount of the Group's interest in associate and joint venture	666	393	416	609	–	–	172	3,995	4,240	3,164	129	13,784

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of profit or loss and comprehensive income

2019

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	UCOM $'000	WDV $'000	PWS $'000	GETCO $'000	Individually immaterial associates $'000	TEE-HC Engineering $'000	Total $'000
Revenue	–	2,550	–	–	–	2,740	–	11,469	7,959	–	349	25,067
Profit /(Loss) for the year	52	(388)	(218)	(89)	(317)	(1,807)	(741)	(31)	572	(375)	124	(3,218)
Dividends received from associates and joint venture during the year	240	–	1,891	–	–	–	–	–	–	22	213	2,366

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

18 INVESTMENT IN SUBSIDIARIES

	Company	
	31 May 2020 $'000	31 May 2019 $'000
Quoted equity shares, at cost	**–**	70,671
Unquoted equity shares, at cost	**49,713**	49,713
Deemed cost of investment	**–**	2,257
Impairment loss	**(5,787)**	(5,787)
Net	**43,926**	116,854

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 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 are as follows:

		Proportion of ownership interest and voting power held	
Name of subsidiary/ Country of incorporation and operation	**Principal activity**	**31 May 2020 %**	31 May 2019 %
Trans Equatorial Engineering Pte. Ltd. Singapore [(1)]	Provision of mechanical and electrical engineering services	**100.00**	100.00
PBT Engineering Pte. Ltd. Singapore [(1)]	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	**100.00**	100.00
TEE Land Limited Singapore [(2)(4)]	Development of real estate and investment holding	**–**	63.28
TEE E&C (Malaysia) Sdn. Bhd. Malaysia [(3)]	Provision of mechanical and electrical engineering services	**100.00**	100.00
Oscar Estate Management Co., Ltd [(5)] Thailand	Residential real estate management	**73.99**	73.99
G3 Environmental Private Limited Singapore [(1)]	Commercial and industrial real estate management	**50.10**	50.10

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31 May 2020

18 INVESTMENT IN SUBSIDIARIES (cont'd)

(1) Audited by Foo Kon Tan LLP (2019: Deloitte & Touche LLP, Singapore)

(2) Listed on Singapore Exchange Securities Trading Limited. Audited by another firm of auditors, Baker Tilly TFW LLP, Singapore

(3) Audited by another firm of auditors, HLB Ler Lum PLT (2019: Deloitte PLT, Malaysia)

(4) Disposed in 2020. Information about the Group's disposal of TEE Land is disclosed in Note 50.

(5) Audited by another firm of auditors, Expert Audit Office Limited.

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.

Certain shares in a subsidiary, TEE Land was pledged to a bank to secure facilities granted to the Group (Note 24). The bank facility was fully redeemed and the security pledge has been discharged pursuant to the disposal of TEE Land.

All the shares in subsidiaries, TEE Water Pte Ltd and TEE Infra and certain shares in a subsidiary, TEE Land were pledged as security in connection with The Senior Secured Notes (Note 33). The Senior Secured Notes was fully redeemed and the security pledge has been discharged pursuant to the disposal of TEE Land.

All the shares in a subsidiary, TEE Resources, have been pledged as a security in connection with a loan from a director which was fully paid in prior year. The pledge has been discharged during the year.

The Group 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.

Information about the composition of wholly-owned and non wholly-owned subsidiaries of the Group as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		Number of non wholly-owned subsidiaries	
		31 May 2020	31 May 2019	**31 May 2020**	31 May 2019
Mechanical and electrical engineering services	Singapore, Malaysia, Hong Kong, Brunei	**12**	12	**–**	–
Development of real estate	Singapore, Malaysia, New Zealand, Australia	**–**	–	**–***	25
Infrastructure and wastewater treatment	Singapore, Thailand, Philippines, Cambodia	**5**	5	**8**	8

* Disposed in 2020. Information about the Group's disposal of TEE Land is disclosed in Note 50.

18 INVESTMENT IN SUBSIDIARIES (cont'd)

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 31 May 2020 %	31 May 2019 %	Total comprehensive loss 2020 $'000	2019 $'000	Loss allocated to non-controlling interests 2020 $'000	2019 $'000	Accumulated non-controlling interests 31 May 2020 $'000	31 May 2019 $'000
TEE Land Limited and its subsidiaries	Singapore	**–***	36.72	**(3,952)**	(10,666)	**(3,504)**	(10,084)	–	52,489
G3 Environmental Private Limited and its subsidiaries	Singapore	**49.90**	49.90	**(1,635)**	(1,513)	**(1,635)**	(1,513)	(2,451)	(816)
Individually immaterial subsidiaries with non-controlling interest				**118**	90	**128**	160	(1,067)	(1,206)
				(5,469)	(12,089)	**(5,011)**	(11,437)	(3,518)	50,467

* Disposed in 2020, Information about the Group's disposal of TEE Land is disclosed in Note 50.

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18 INVESTMENT IN SUBSIDIARIES (cont'd)

The summarised financial information of TEE Land and its subsidiaries on a 100% basis for eight months ended 31 January 2020, being effective date of disposal for accounting purpose is set out below, as adjusted to align accounting policies to that of Group's:

	Group	
	31 Jan 2020	31 May 2019
	$'000	$'000
Current assets	**281,807**	316,567
Non-current assets	**79,567**	81,032
Current liabilities	**107,313**	127,234
Non-current liabilities	**134,797**	140,441
Equity attributable to owners of the company	**110,692**	121,292

	Group	
	2020	2019
	$'000	$'000
Revenue for the period/year	**48,690**	100,520
Expenses	**(58,672)**	(126,343)
Loss for the period/year	**(9,982)**	(25,823)
Loss attributable to:		
Owners of the company	**(10,236)**	(23,840)
Non-controlling interests	**254**	(1,983)
Loss for the period/year	**(9,982)**	(25,823)
Other comprehensive loss attributable to:		
Owners of the company	**(230)**	(932)
Non-controlling interests	**(133)**	(581)
Other comprehensive loss for the period/year	**(363)**	(1,513)
Total comprehensive loss attributable to:		
Owners of the company	**(10,466)**	(24,772)
Non-controlling interests	**121**	(2,564)
Total comprehensive loss for the period/year	**(10,345)**	(27,336)
Net cash from operating activities	**33,304**	10,198
Net cash from investing activities	**242**	5,470
Net cash used in financing activities	**(35,122)**	(19,763)
Net cash outflow	**(1,576)**	(4,095)

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18 INVESTMENT IN SUBSIDIARIES (cont'd)

The summarised financial information of G3 Environmental Private Limited and its subsidiaries on a 100% basis is set out below:

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Current assets	**10,492**	11,829
Non-current assets	**7,976**	13,626
Current liabilities	**21,547**	23,129
Non-current liabilities	**1,832**	3,960
Equity attributable to owners of the company	**(4,911)**	(1,634)

	Group	
	2020 $'000	2019 $'000
Revenue for the year	**32,590**	41,368
Expenses	**(35,665)**	(44,400)
Loss for the year	**(3,075)**	(3,032)
Net cash from/(used in) operating activities	**7,474**	(3,707)
Net cash from/(used in) investing activities	**161**	(1,122)
Net cash (used in)/from financing activities	**(4,956)**	2,794
Net cash inflow/(outflow)	**2,679**	(2,035)

19 CLUB MEMBERSHIP

	Group and Company	
	31 May 2020 $'000	31 May 2019 $'000
Club membership, at cost	**5**	5
Amount written off	**(5)**	–
	–	5

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20 INTANGIBLE ASSET

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Customer contracts		
Cost:		
At the beginning/end of the year	**2,233**	2,233
Accumulated amortisation:		
At the beginning of the year	**(1,179)**	(434)
Amortisation for the year (Note 42)	**(744)**	(745)
At the end of the year	**(1,923)**	(1,179)
Carrying amount	**310**	1,054

The intangible asset above has a finite useful life, over which the asset is amortised, which is 3 years.

The amortisation expense has been included in the line item "other operating expenses" in profit or loss.

21 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings on freehold land $'000	Leasehold land and building $'000	Leasehold improvements $'000	Leased premises $'000	Computers $'000	Renovation $'000	Motor vehicles $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group											
Cost:											
At 1 June 2018	40	–	22,511	264	–	1,878	1,523	7,283	3,821	1,336	38,656
Foreign currency exchange adjustment	(268)	(2,129)	–	9	–	(2)	(27)	2	7	(502)	(2,910)
Additions	–	–	114	1	–	262	250	658	2,030	520	3,835
Disposals	(40)	(274)	–	–	–	(21)	(1)	(1,050)	(81)	(9)	(1,476)
Write-offs	–	–	–	–	–	(30)	(24)	(236)	(789)	(27)	(1,106)
Reclassification	–	–	–	–	–	(51)	20	(123)	291	(137)	–
Reclassified from non-current asset held-for-sale (Note 16)	4,545	36,227	–	–	–	–	–	–	–	8,413	49,185
At 31 May 2019	4,277	33,824	22,625	274	–	2,036	1,741	6,534	5,279	9,594	86,184
Adoption of SFRS(I) 16 (Note 51)	–	–	18,038	–	3,261	–	–	297	–	178	21,774
At 1 June 2019, as adjusted	4,277	33,824	40,663	274	3,261	2,036	1,741	6,831	5,279	9,772	107,958
Foreign currency exchange adjustment	(177)	(1,397)	–	5	–	2	19	5	4	(335)	(1,874)
Additions	–	–	782	–	–	154	4	45	292	61	1,338
Additions - ROU	–	–	–	–	951	–	–	81	–	–	1,032
Disposals	–	–	–	–	–	–	–	(715)	(481)	(7)	(1,203)
Write-offs	–	–	–	–	–	(415)	(103)	(118)	(525)	(84)	(1,245)
Reclassification	–	–	–	–	–	–	–	(371)	371	–	–
Reclassified to non-current assets held-for-sale	–	–	(18,934)	–	–	–	–	–	–	–	(18,934)
Reclassification to other receivable	–	–	–	–	–	–	–	–	–	(203)	(203)
Effects on disposal of TEE Land (Note 50)	(4,100)	(32,427)	(22,361)	(40)	(2,049)	(120)	(1,147)	(111)	(22)	(8,269)	(70,646)
At 31 May 2020	–	–	150	239	2,163	1,657	514	5,647	4,918	935	16,223

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

21 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land $'000	Buildings on freehold land $'000	Leasehold land and building $'000	Leasehold improvements $'000	Leased premises $'000	Computers $'000	Renovation $'000	Motor vehicles $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group											
Accumulated depreciation and impairment:											
At 1 June 2018	–	–	1,941	264	–	1,345	1,283	1,319	515	736	7,403
Foreign currency exchange adjustment	–	(121)	–	5	–	(2)	(26)	8	7	(119)	(248)
Depreciation	–	2,521	667	5	–	277	288	1,095	579	2,458	7,890
Disposals	–	(18)	–	–	–	(20)	(2)	(574)	(30)	(7)	(651)
Write-offs	–	–	–	–	–	(30)	(17)	(178)	(593)	(27)	(845)
Reclassification	–	–	–	–	–	(15)	–	(44)	154	(95)	–
Reclassified from non-current assets held-for-sale (Note 16)	–	871	–	–	–	–	–	–	–	697	1,568
At 31 May 2019	–	3,253	2,608	274	–	1,555	1,526	1,626	632	3,643	15,117
Foreign currency exchange adjustment	–	(152)	–	5	2	2	18	5	4	(125)	(241)
Depreciation	–	645	453	3	–	228	137	891	540	675	3,572
Depreciation - ROU	–	–	1,088	–	999	–	–	212	161	42	2,502
Disposals	–	–	–	–	–	–	–	(484)	(270)	(1)	(755)
Write-offs	–	–	–	–	–	(381)	(26)	(116)	(414)	(73)	(1,010)
Reclassification	–	–	–	(29)	–	33	–	(95)	91	–	–
Reclassification to other receivable	–	–	–	–	–	–	–	–	–	(3)	(3)
Impairment	–	–	896	–	–	95	14	–	1,423	56	2,484
Reclassified to non-current assets held-for-sale - impairment	–	–	(1,984)	–	–	–	–	–	–	–	(1,984)
Effects on disposal of TEE Land (Note 50)	–	(3,746)	(2,998)	(14)	–	(112)	(1,279)	(105)	(17)	(3,577)	(11,848)
At 31 May 2020	–	–	63	239	1,001	1,420	390	1,934	2,150	637	7,834
Carrying amount:											
At 31 May 2020	–	–	87	–	1,162	237	124	3,713	2,768	298	8,389
At 31 May 2019	4,277	30,571	20,017	–	–	481	215	4,908	4,647	5,951	71,067

Carrying amount of ROU assets classified within Property, plant and equipment as at 31 May 2020 amounted to $2,473,000 (Note 48).

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

21 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Right-of-use assets ("ROU") acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 48.

(b) Details of the Group's properties are as follow:

Address of properties	**Tenure of properties**	**Term of lease**	**Remaining term of lease**	**Existing use**
TEE Building[1] 25 Bukit Batok Street 22 Singapore 659591	Leasehold	From 1 May 1992 to 30 April 2052	32 years	Industrial and office space for providing rental
Larmont Hotel Sydney[1] 2-14 Kings Cross Road, Potts Point, NSW 111, Australia	Freehold	–	–	Hotel operations
4 plots of land[2] L8201407013, L8201407014, L8201702018 and L8201407012 Tuas South Street 11 &13, Singapore	Leasehold	From 1 November 2018 to 30 December 2035	15 years and 7 months	Development of integrated hazardous waste management and treatment hub

(1) Disposed in 2020. Information about the Group's disposal of TEE Land is disclosed in Note 50.

(2) The 4 plots of land related to the disposal group is disclosed in Note 16.

(c) The carrying amount of the Group's motor vehicles as at 31 May 2019 includes an amount of $1,507,000 which are held under finance leases (Note 29). From 1 June 2019, these motor vehicles are part of the ROU assets as disclosed in Note 48.

(d) Depreciation expenses has been included in the line item "cost of sales" and "administrative expenses" in profit or loss.

(e) The Group's freehold land, buildings on freehold land, leasehold building and certain motor vehicles are pledged to bank to secure facilities granted to the Group (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

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21 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Computers $'000	Renovation $'000	Office equipment $'000	Total $'000
Company				
At 1 June 2018	591	8	142	741
Additions	1	26	–	27
At 31 May 2019	592	34	142	768
Additions	10	–	1	11
Write-offs	(26)	–	–	(26)
At 31 May 2020	576	34	143	753
Accumulated depreciation:				
At 1 June 2018	518	2	83	603
Depreciation	42	2	28	72
At 31 May 2019	560	4	111	675
Depreciation	32	3	28	63
Write-offs	(26)	–	–	(26)
At 31 May 2020	566	7	139	712
Carrying amount:				
At 31 May 2020	10	27	4	41
At 31 May 2019	32	30	31	93

22 INVESTMENT PROPERTIES

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
At fair value:				
At beginning of the year	**31,442**	32,405	**22,000**	22,000
Effects on disposal of TEE Land (Note 50)	**(9,318)**	–	**–**	–
Adoption of *SFRS(I) 16*	**2,562**	–	**2,562**	–
Additions	**11,552**	45	**–**	–
Changes in fair value included in profit or loss (Note 42)	**(1,189)**	(691)	**(653)**	–
Foreign currency exchange adjustments	**(123)**	(317)	**–**	–
At end of the year	**34,926**	31,442	**23,909**	22,000

As at 31 May 2020 and 2019, the Group and Company's investment properties are stated at estimated fair value based on valuation carried out by independent professional appraisers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being appraised.

The investment properties were pledged to a bank to secure long-term borrowings granted to the Group and the Company (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

22 INVESTMENT PROPERTIES (cont'd)

The property rental income from the Group and Company's investment properties, which are leased out under operating leases, amounted to $5,254,000 (2019 - $3,133,000) and $1,935,000 (2019 - $1,935,000) respectively. The direct operating expenses (including repairs and maintenance) arising from the Group and Company's rental-generating investment properties, amounted to $292,000 (2019 - $484,000) and $232,000 (2019 - $297,000) respectively.

In determining the market value of the investment properties, the appraisers have 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. 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. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties.

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 31 May 2020 and 2019, 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 are as follows:

Name of property	Location	Description	Tenure
33 Changi North Crescent	Singapore	4-storey purpose-built factory building with ancillary offices	30 years from 2006
Workotel[(1)] 19 Main South Road Upper Riccarton, Christchurch	New Zealand	104 units and 4 houses for providing rental accommodation	Freehold
Thistle Guesthouse[(1)] 21 Main North Road Upper Riccarton, Christchurch	New Zealand	10 rooms and 1 ground floor apartment and an attached sleep-out for providing rental accommodation	Freehold
Chewathai Ratchaprarop[(1)] Condominium, No.11 Ratchaprarop Road Makkasan Sub-district, Ratchathewi District, Bangkok	Thailand	3 condominium apartment units for providing rental accommodation	Freehold
Lat Krabang Housing Phase 4 Part 1	Thailand	5-storey residential flats with 11 buildings for providing rental accommodation	9 years from 2019

(1) Disposed in 2020. Information about the Group's disposal of TEE Land is disclosed in Note 50.

NOTES TO THE FINANCIAL STATEMENTS

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22 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 are as follows:

Investment properties	Fair value 31 May 2020 $'000	Fair value 31 May 2019 $'000	Valuation methodology	Significant unobservable inputs (Level 3)	Range 31 May 2020	Range 31 May 2019
Singapore	**23,909**	22,000	Direct comparison method	Price per square meter of gross floor area[(1)]	**$1,960 to $2,630**	$1,600 to $3,000
New Zealand	–	7,188	Discounted cash flow method	Discount rate [(2)(3)]	–	10.00%
			Direct comparison method	Price per square meter of gross floor area[(1)(3)]	–	$250 to $500
Thailand	**11,017**	–	Income capitalisation method	Occupancy turnover[(1)]	**79.0% to 83.0%**	–
Thailand	–	2,254	Direct comparison method	Price per square meter of gross floor area[(1)(3)]	–	$3,600 to $8,000
			Income capitalisation method	Occupancy turnover[(1)(3)]	–	97.00%
				Turnover[(1)(3)]	–	$2,700/ Week
				Operating income[(1)(3)]	–	$2,500/ Week
				Net operating income margin[(1)(3)]	–	91.00%
				Capitalisation rate[(2)(3)]	–	6.00%
	34,926	31,442				

(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.

(3) Disposed in 2020. Information about the Group's disposal of TEE Land is disclosed in Note 50.

NOTES TO THE FINANCIAL STATEMENTS

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23 DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group, and movements thereon during the year:

Deferred tax assets	Provisions/ Others $'000	Tax losses $'000	Total $'000
Group			
At 1 June 2018	168	5,422	5,590
Credit/(Charge) to profit or loss for the year (Note 44)	15	(1,565)	(1,550)
Foreign currency exchange adjustment	–	(43)	(43)
At 31 May 2019	183	3,814	3,997
Credit/(Charge) to profit or loss for the year (Note 44)	(45)	1,081	1,036
Effects on disposal of TEE Land (Note 50)	(31)	(4,395)	(4,426)
Foreign currency exchange adjustment	–	11	11
At 31 May 2020	107	511	618

Deferred tax liabilities	Recognition of profits from properties under development $'000	Accelerated tax depreciation $'000	Total $'000
Group			
At 1 June 2018	1,053	898	1,951
Credit to profit or loss for the year (Note 44)	(620)	(537)	(1,157)
Foreign currency exchange adjustment	(19)	–	(19)
At 31 May 2019	414	361	775
Effects on disposal of TEE Land (Note 50)	(414)	(3)	(417)
Credit to profit or loss for the year (Note 44)	–	(180)	(180)
At 31 May 2020	–	178	178

No deferred tax liability has been recognised in respect of undistributed earnings of subsidiaries which would be subject to withholding tax if transferred out of the country. The Group is in a position to control the timing of the transfer of these retained earnings and do not expect the retained earnings to be remitted such as to attract withholding tax in the foreseeable future. Temporary differences arising in connection with interests in associates is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

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24 BANK LOANS AND OVERDRAFTS

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Secured:				
- Bank loans	**12,003**	16,494	**–**	4,300
- Bills payable	**42,672**	7,988	**–**	–
	54,675	24,482	**–**	4,300
Unsecured:				
- Bank loans	**–**	8,238	**–**	–
- Bills payable	**2,627**	12,491	**–**	–
- Bank overdrafts (Note 6)	**194**	3,321	**–**	–
	2,821	24,050	**–**	–
Total	**57,496**	48,532	**–**	4,300

The following outstanding balances are secured with the following:

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Secured with:				
Shares of a subsidiary	**–**	4,300	**–**	4,300
Trade receivables	**54,675**	20,182	**–**	–
Total	**54,675**	24,482	**–**	4,300

The outstanding balances are repayable within 12 months. The effective interest rate on the outstanding balances ranges from 2.02% to 3.98% (2019 - 3.42% to 6.25%) per annum.

See Note 31 for bank covenants.

25 TRADE PAYABLES

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Contract trade payables	**119,449**	125,478	**3,613**	–
Retention payables	**25,929**	22,342	**–**	–
Third parties	**1,015**	10,969	**–**	–
Others	**1,235**	2,782	**–**	13
Total	**147,628**	161,571	**3,613**	13

The credit period granted by suppliers ranged from 30 to 90 days (2019 - 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.

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26 OTHER PAYABLES

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Subsidiaries	**–**	–	**55,215**	50,719
Associates	**31**	3,387	**–**	–
Non-controlling interest	**–**	2,188	**–**	–
Loan from non-controlling interest	**8,184**	18,019	**–**	–
Accrued expenses	**5,077**	8,507	**760**	794
Accrued interest expense	**1,112**	2,383	**25**	177
Rental and security deposits	**2,559**	2,072	**576**	576
Other payables	**5,650**	3,462	**2,979**	275
	22,613	40,018	**59,555**	52,541
Less:				
Amounts payable within 12 months (shown under current liabilities)	**(22,573)**	(30,251)	**(59,555)**	(52,541)
Amounts payable after 12 months	**40**	9,767	**–**	–

The amounts due to subsidiaries, associates, related parties and non-controlling shareholder are unsecured, interest-free and repayable on demand.

The non-current loan from non-controlling interest of $Nil (2019 - $9,736,000) are for development properties "Rezi 35" and "35 Gilstead", bore interest at 5% per annum and repayable after 12 months from the end of the reporting period. The remaining amount of $8,184,000 (2019 - $8,283,000) is for working capital loans for respective subsidiaries and are unsecured, interest-free and repayable on demand.

The fair value of the non-current loan from non-controlling interest approximates its carrying value as the borrowing rates are based on benchmark market rates.

27 CONTRACT LIABILITIES

	Group	
	31 May 2020 $'000	31 May 2019 $'000
Advance receipts from customers	**661**	6,661

Contract liability mainly represents amounts of consideration billed to purchasers of the Group's development properties in advance of the percentage of completion of construction. For non-construction engineering contracts, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer makes advance payments prior to delivery of goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer. Advance receipts reduced due to the disposal of TEE Land.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in prior year.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

28 PROVISION FOR MAINTENANCE COSTS

	Group	
	31 May 2020 $'000	31 May 2019 $'000
At beginning of the year	**992**	1,034
Charge to profit or loss for the year	**462**	1,620
Utilised	**(1,219)**	(1,662)
At end of the year	**235**	992

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.

29 OBLIGATIONS UNDER FINANCE LEASES

	Group	
	Minimum lease payments	**Present value of minimum lease payments**
	31 May 2019 $'000	**31 May 2019 $'000**
Amounts payable under finance leases:		
Within one year	378	346
In the second to fifth years inclusive	1,247	1,143
After five years	–	–
	1,625	1,489
Less: Future finance charges	(136)	–
Present value of lease obligations	1,489	1,489
Less: Amounts due for settlement within 12 months (shown under current liabilities)		(346)
Amounts due for settlement after 12 months		1,143

As at 31 May 2019, the Group leased certain of its motor vehicles, plant and equipment under finance leases. The average lease term was 7 years. The average effective borrowing rate was 3.60% per annum. Interest rates were fixed at the contract date, and thus exposed the Group to fair value interest rate risk. All leases were on a fixed repayment basis and no arrangements had been entered into contingent rental payments.

Finance lease obligations were reclassified to lease liabilities (Note 30) on 1 June 2019 upon adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 51.

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 21).

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

30 LEASE LIABILITIES

	Group 31 May 2020 $'000	Company 31 May 2020 $'000
Undiscounted lease payments due:		
- Year 1	2,691	190
- Year 2	2,218	190
- Year 3	2,267	190
- Year 4	2,245	190
- Year 5	1,868	190
- Year 6 and onwards	8,198	2,032
	19,487	2,982
Less: Unearned interest cost	(2,914)	(545)
Lease liabilities	16,573	2,437
Amount shown under current liabilities	2,119	128
Amount shown under non-current liabilities	14,454	2,309
	16,573	2,437

The Group enters into leases for lease of building, leased premises, motor vehicles and office equipment from non-related parties under non-cancellable lease agreements. There are no restrictions placed upon the Group by entering into these contracts.

Interest expense on lease liabilities of $1,136,000 is recognized within "finance costs" in profit or loss.

Lease expenses not capitalised in lease liabilities but recognised within "operating expenses" in profit or loss are set out below:

	Group 31 May 2020 $'000
Short-term lease	1,599
Leases of low-value asset	58
	1,657

The cash outflows for all leases in the year amount to $5,055,000.

As at 31 May 2019, the Group and the Company's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group and the Company's short-term lease expense for the year.

The Group and the Company's lease liabilities are secured by the lessors' title to the leased assets.

Information about the Group's leasing activities are disclosed in Note 48.

Further information about the financial risk management are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
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31 LONG-TERM BORROWINGS

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Borrowings	**19,564**	237,696	**13,914**	14,969
Less: Current portion due within 12 months	**(2,809)**	(93,670)	**(2,510)**	(1,268)
Amounts due for settlement after 12 months	**16,755**	144,026	**11,404**	13,701
Secured	**14,564**	237,052	**13,914**	14,969
Unsecured	**5,000**	644	**–**	–
Total	**19,564**	237,696	**13,914**	14,969

The following outstanding balances are secured with the following:

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Secured with:				
Development properties	**–**	168,197	**–**	–
Completed properties and land for sale	**–**	6,287	**–**	–
Investment properties	**13,914**	19,323	**13,914**	14,969
Leasehold building	**–**	38,798	**–**	–
Motor vehicles	**525**	–	**–**	–
Joint and several former directors' guarantee	**125**	425	**–**	–
Corporate guarantee by the Company and a subsidiary	**–**	4,022	**–**	–
Total	**14,564**	237,052	**13,914**	14,969

The Group and Company's long-term borrowings bear interest at rates ranging from 2.38% to 3.32% (2019 - 2.38% to 6.50%) per annum. The directors estimate the fair value of the Group 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.

In prior financial year, a financial covenant relating to secured borrowings amounting to $2,456,000 of a subsidiary was not met. The Group obtained a waiver of the breach of the loan covenants from the relevant lender during the year which is after the date on which the loan covenants were tested. Consequently, the secured borrowings of $2,456,000 was reclassified from non-current liabilities to current liabilities as at prior year end.

The Group's bank facility agreements include financial covenants. Some of these covenants require the Group to meet certain key financial ratios. During the year, the Group did not fulfil the minimum threshold required for consolidated net worth and the debt-to-equity ratio for bank borrowings amounting to $57,496,000 drawn down by two subsidiaries. These borrowings are presented as current liabilities as at financial year end. Due to the breaches, the banks are contractually entitled to request for immediate repayments of the outstanding loans.

NOTES TO THE FINANCIAL STATEMENTS
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31 LONG-TERM BORROWINGS (cont'd)

Before the financial year end, the Group had obtained waivers from two banks which granted waivers to September 2020 and 30 November 2020, respectively. Current ongoing discussions are being held with two banks to waive the breach of covenants, and other waivers will be sought when required.

The banks had not requested early repayment of the loans as of the date when the financial statements were approved by the Board of Directors. Management is in the process of renegotiating the terms of the loans with the banks.

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	1 June 2018 $'000	Financing cash flow (i) $'000	Foreign exchange movement $'000	Other changes (ii) $'000	31 May 2019 $'000
Bank loans (Note 24)	46,639	(1,428)	–	–	45,211
Loan from non-controlling interest (Note 26)	16,539	1,480	–	–	18,019
Finance leases (Note 29)	937	(600)	–	1,152	1,489
Long-term borrowings (Note 31)	234,687	4,708	(1,699)	–	237,696
Notes payable (Note 33)	21,089	(1,766)	606	1,071	21,000
Amount due to a director	10,000	(10,000)	–	–	–

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include amortisation costs, interest accruals and interest on finance leases.

NOTES TO THE FINANCIAL STATEMENTS
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31 LONG-TERM BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities (cont'd)

				Non-cash changes					
	1 June 2019 $'000	Adoption of SFRS(I) 16 $'000	Financing cash flow (i) $'000	Disposal of TEE Land (Note 50) $'000	Disposal group held-for-sale $'000	Foreign exchange movement $'000	New leases $'000	Other changes (ii) $'000	31 May 2020 $'000
Bank loans (Note 24)	45,211	–	13,256	(1,165)	–	–	–	–	57,302
Loan from non-controlling interest (Note 26)	18,019	–	(3,004)	(6,831)	–	–	–	–	8,184
Finance leases (Note 29)	1,489	(1,489)	–	–	–	–	–	–	–
Lease liabilities (Note 30)	–	25,825	(3,398)	(2,042)	(17,532)	–	12,584	1,136	16,573
Long-term borrowings (Note 31)	237,696	–	(27,086)	(190,292)	–	(754)	–	–	19,564
Notes payable (Note 33)	21,000	–	(24,557)	–	–	(493)	–	4,050	–
Accrued interest expense (Note 26)	2,383	–	(8,837)	–	–	–	–	7,566	1,112

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include amortisation costs, interest accruals, interest on lease liabilities/ finance leases.

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32 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Financial guarantee liabilities	**215**	365	**75**	149
Effects on disposal of TEE Land (Note 50)	**(140)**	–	**–**	–
Less: Amounts shown under current liabilities	**(75)**	(185)	**(75)**	(75)
Amounts shown under non-current liabilities	**–**	180	**–**	74

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.

33 NOTES PAYABLE

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
Notes payable	**–**	21,000	**–**	21,128

The Senior Secured Notes of US$15.0 million issued on 19 December 2017 with an original maturity date on 18 December 2020, have an option to extend for an additional 2 years, and bore effective interest rate of 20.70% (2019 - 15.78%) per annum. The Senior Secured Notes are denominated in US dollars.

The Senior Secured Notes are secured by respective subsidiaries share capital, subsidiary's shares held by the Company and subject to comply by the respective financial covenants and subject to certain restrictions.

The proceeds were used for repayment of loan and acquisition of subsidiaries.

In February 2020, the Company has fully redeemed the Senior Secured Notes.

34 LONG-TERM DEPOSIT

	Group and Company	
	31 May 2020 $'000	31 May 2019 $'000
Long-term deposit	**306**	306

Long-term deposit is for the lease of premises located at 33 Changi North Crescent, Singapore (Note 22) with tenure and renewal option till 2035.

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35 SHARE CAPITAL

	Group and Company			
	31 May 2020	31 May 2019	**31 May 2020**	31 May 2019
	Number of ordinary shares		**$'000**	$'000
Issued and paid up:				
At beginning of the year	**648,152,876**	503,223,039	**73,194**	58,701
Share issuance	**–**	144,929,837	**–**	14,493
At end of the year	**648,152,876**	648,152,876	**73,194**	73,194

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

On 14 February 2019, the Company issued 144,929,837 new ordinary shares which rank pari passu in all respects with all other existing shares in issue ("Right Issue"). The Company raised net proceeds of approximately $14.5 million from the Rights Issue.

On 30 April 2018, there were bonus warrants issued on the basis of 1 warranty for every 10 existing ordinary shares in the capital of the Company held by the shareholders of the Company. The number of bonus warrants issued was 50,195,020 and the exercise price is $0.215 per warrant.

On 15 February 2019, being the market day following the closing date of Rights Issue. The exercise price of the existing bonus warrants has been adjusted from $0.215 to $0.189 per warrant on 15 February 2019 and 6,998,778 new warrants have been issued and allotted on March 4, 2019. Total number of outstanding bonus warrants are 57,193,798.

The warrants can be exercised within the period from date of issue of the bonus warrant to 30 October 2020.

36 TREASURY SHARES

	Group and Company			
	31 May 2020	31 May 2019	**31 May 2020**	31 May 2019
	Number of ordinary shares		**$'000**	$'000
Balance at beginning and at end of the year	**1,270,400**	1,270,400	**269**	269

In 2017, the Company acquired 1,270,400 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $269,000 and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

The Company intends to transfer the treasury shares for the purposes of an employees' share scheme or as consideration for the acquisition of shares in or assets of another company or assets of a person.

37 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.

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38 CAPITAL RESERVE

	Group		Company	
	31 May 2020 $'000	31 May 2019 $'000	**31 May 2020 $'000**	31 May 2019 $'000
At beginning of the year	**18,561**	18,741	**(274)**	(94)
Effects on disposal of TEE Land	**(18,561)**	–	**–**	–
Rights issuance expenses	**–**	(180)	**–**	(180)
Expenses incurred on issue of bonus warrants	**–**	–	**–**	–
At end of the year	**–**	18,561	**(274)**	(274)

The capital reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

39 NON-CONTROLLING INTERESTS

Included in non-controlling interests is an amount of $Nil (2019 - $11,471,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of the subsidiary.

40 REVENUE

Group

	Continuing operations		Discontinued operations		Total	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Corporate and others:						
Rental income	**1,935**	1,935	**–**	–	**1,935**	1,935
Engineering:						
Construction engineering contracts	**292,423**	203,182	**–**	–	**292,423**	203,182
Infrastructure:						
Rental and related services income	**3,004**	2,851	**–**	–	**3,004**	2,851
Sale of goods	**1,807**	7,396	**–**	–	**1,807**	7,396
Waste and recycling management services	**30,776**	33,974	**–**	–	**30,776**	33,974
Real Estate:						
Hotel operations	**–**	–	**4,656**	7,310	**4,656**	7,310
Rental income	**–**	–	**769**	1,198	**769**	1,198
Sales of development properties	**–**	–	**42,452**	105,455	**42,452**	105,455
Total	**329,945**	249,338	**47,877**	113,963	**377,822**	363,301

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40 REVENUE (cont'd)

Group

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Timing of revenue recognition from contract with customers, excluding rental income						
At a point in time:						
Sale of goods	**1,807**	7,396	**–**	–	**1,807**	7,396
Short-term construction engineering services	**5,501**	12,466	**–**	–	**5,501**	12,466
Sale of completed development properties	**–**	–	**–**	15,083	**–**	15,083
Sale of land	**–**	–	**419**	–	**419**	–
Hotel operations – foods and beverages	**–**	–	**122**	331	**122**	331
Over time:						
Construction engineering contracts	**286,922**	190,716	**–**	–	**286,922**	190,716
Waste and recycling management services	**30,776**	33,974	**–**	–	**30,776**	33,974
Sales of development properties under constructions	**–**	–	**42,033**	90,372	**42,033**	90,372
Hotel operations	**–**	–	**4,534**	6,979	**4,534**	6,979
Services income	**454**	417	**–**	–	**454**	417
Total	**325,460**	244,969	**47,108**	112,765	**372,568**	357,734

Revenue from construction engineering contracts recognised over time is based on the percentage of completion basis.

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41 OTHER OPERATING INCOME

Group

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Interest income arising from:						
Fixed deposits	**1**	35	**132**	246	**133**	281
Others	**45**	14	**51**	103	**96**	117
Ancillary fees collected from development properties	**–**	–	**200**	256	**200**	256
Amortisation of financial guarantee liabilities	**75**	77	**111**	186	**186**	263
Deposit forfeited for an aborted sale of completed property	**–**	–	**522**	316	**522**	316
Foreign currency exchange adjustment gain	**296**	–	**181**	–	**477**	–
Gain on disposal of an associate	**–**	139	**–**	–	**–**	139
Government grant	**2,422**	415	**6**	10	**2,428**	425
Management fees income	**319**	345	**25**	87	**344**	432
Service fees income	**110**	90	**–**	–	**110**	90
Rental income	**–**	–	**–**	100	**–**	100
Rebate from purchaser	**–**	–	**296**	–	**296**	–
Others	**355**	126	**–**	19	**355**	145
Total	**3,623**	1,241	**1,524**	1,323	**5,147**	2,564

NOTES TO THE FINANCIAL STATEMENTS

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42 OTHER OPERATING EXPENSES

Group

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Additional buyer stamp duties	**–**	–	**4,680**	728	**4,680**	728
Allowance for diminution in value on completed properties and land for sale	**–**	–	**–**	542	**–**	542
Amortisation of intangible asset (Note 20)	**744**	745	**–**	–	**744**	745
Change in fair value of investment properties (Note 22)	**1,189**	–	**–**	691	**1,189**	691
Change in fair value of financial asset at FVTPL (Note 11)	**82**	536	**–**	–	**82**	536
Impairment loss on property, plant and equipment	**1,588**	–	**896**	–	**2,484**	–
Impairment loss on investment in associates	**–**	–	**–**	3,600	**–**	3,600
Impairment recognised based on net estimated fair value	**–**	–	**20,309**	–	**20,309**	–
Loss/(gain) on disposal of property, plant and equipment	**6**	55	**–**	(31)	**6**	24
Net foreign currency exchange adjustment loss	**–**	649	**–**	1,026	**–**	1,675
Property, plant and equipment written off	**225**	261	**9**	–	**234**	261
Trade receivables written off	**978**	117	**–**	–	**978**	117
Other receivables written off	**12**	154	**–**	–	**12**	154
Option fee forfeited for aborted purchase of land	**–**	–	**–**	420	**–**	420
Others	**20**	–	**–**	–	**20**	–
Total	**4,844**	2,517	**25,894**	6,976	**30,738**	9,493

43 FINANCE COSTS

Group

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Interest on borrowings and bank overdrafts	**2,882**	2,842	**4,684**	8,102	**7,566**	10,944
Interest on lease liabilities/finance lease obligation	**384**	32	**752**	2	**1,136**	34
Notes payable interests	**3,768**	2,294	**–**	–	**3,768**	2,294
Net	**7,034**	5,168	**5,436**	8,104	**12,470**	13,272

NOTES TO THE FINANCIAL STATEMENTS

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44 INCOME TAX EXPENSE

Group

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current:						
- Profit/(loss) for the year	**245**	1,390	**511**	(7)	**756**	1,383
- Adjustment in respect of prior years	**3,863**	714	**(79)**	(268)	**3,784**	446
- Withholding tax expenses	**–**	–	**83**	30	**83**	30
Deferred:						
- (Credit)/Charge for the year	**(692)**	(570)	**(524)**	963	**(1,216)**	393
	3,416	1,534	**(9)**	718	**3,407**	2,252

Domestic income tax is calculated at 17% (2019 - 17%) of the estimated assessable loss 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 loss as follows:

	Group	
	2020	2019
	$'000	$'000
Loss before tax	**(25,784)**	(3,550)
Less:		
Share of results of associates and joint venture (Note 17)	**(746)**	(568)
	(26,530)	(4,118)
Tax at the domestic income tax rate of 17% (2019 - 17%)	**(4,510)**	(700)
Non-deductible expenses/(Non-taxable income)	**1,465**	(736)
Deferred tax benefits not recognised	**3,558**	2,430
Deferred tax benefits previously not recognised now utilised	**(91)**	(65)
Under provision of income tax in prior years	**3,863**	714
Effect of different tax rates of overseas operations	**(721)**	(191)
Exempt income and tax rebate	**(118)**	(35)
Others	**(30)**	117
	3,416	1,534

Subject to the agreement by the tax authorities, the Group has unutilised tax losses of $13.6 million (2019 - $82.0 million) and other temporary differences of $3.3 million (2019 - $9.7 million) available for offset against future profits. Deferred tax assets have been recognised in respect of $3.0 million (2019 - $22.4 million) of these unutilised tax losses and $0.6 million (2019 - $1.1 million) of these temporary differences. No deferred tax asset has been recognised in respect of the remaining $10.6 million (2019 - $59.6 million) of tax losses and $2.7 million (2019 - $8.6 million) of temporary differences due to the unpredictability of future profit streams. The tax losses and temporary differences may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

45 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

Group

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Directors' remuneration:						
Directors of the Company	**895**	1,732	**396**	7	**1,291**	1,739
Directors of the subsidiaries	**1,489**	905	**–**	701	**1,489**	1,606
Employee benefits expense (including directors' remuneration)	**15,970**	32,487	**1,572**	4,699	**17,542**	37,186
Costs of defined contribution plans included in employee benefits expense	**961**	1,909	**70**	165	**1,031**	2,074
Audit fees:						
Auditors of the Company:						
- current year	**329**	352	**5**	5	**334**	357
Other auditors:						
- current year	**36**	59	**142**	195	**178**	254
- adjustment in respect of prior year	**3**	5	**–**	(5)	**3**	–
Non-audit fees:						
Auditors of the Company:						
- current year	**–**	38	**–**	–	**–**	38
- adjustment in respect of prior year	**–**	3	**–**	–	**–**	3
Other auditors:						
- current year	**50**	23	**32**	92	**82**	115
- adjustment in respect of prior year	**57**	1	**2**	(4)	**59**	(3)
Amortisation of deferred commission expenses *	**73**	73	**1,660**	4,481	**1,733**	4,554
Amortisation of deferred show flat costs **	**–**	–	**1,150**	433	**1,150**	433
Amortisation of issuance costs on notes payable ***	**282**	210	**–**	–	**282**	210
Depreciation of property, plant and equipment, including ROU assets	**3,368**	2,272	**2,706**	5,618	**6,074**	7,890
Impairment loss on financial assets and contract assets						
- Trade receivables (Note 8)	**53**	–	**–**	663	**53**	663
- Other receivables (Note 9)	**169**	–	**–**	181	**169**	181
- Loans receivables (Note 10)	**–**	–	**–**	665	**–**	665
- Contract assets (Note 13)	**957**	–	**–**	–	**957**	–
	1,179	–	**–**	1,509	**1,179**	1,509
Impairment loss on financial assets and contract assets written back						
- Trade receivables (Note 8)	**–**	(485)	**–**	–	**–**	(485)
- Other receivables (Note 9)	**–**	(15)	**–**	–	**–**	(15)
- Contract assets (Note 13)	**–**	-	**–**	(658)	**–**	(658)
	–	(500)	**–**	(658)	**–**	(1,158)

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

45 LOSS FOR THE YEAR (cont'd)

* Included in cost of sales in the consolidated statement of profit or loss and selling and distribution expenses in the Note 46.

** Included in selling and distribution expenses in the Note 46.

*** Included in administrative expenses in the consolidated statement of profit or loss.

Retirement Benefit Obligations

The employees of the Company 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 31 May 2020, contributions of $39,000 (2019 - $269,000) due in respect of current year had not been paid over to the plans.

46 LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS

(i) On 3 February 2020, the Group disposed of its entire 63.28% stake in subsidiary, TEE Land Limited in its Real Estate segment in order to realise valuable cash proceeds which may be applied to expand the engineering and infrastructure businesses of the Group and reduce the indebtedness of the Group.

The results of the discontinued operations and re-measurement of the respective disposal group is as follows:

	TEE Land	
	2020	2019
	$'000	$'000
Revenue	**47,877**	113,963
Cost of sales	**(39,253)**	(100,827)
Gross profit	**8,624**	13,136
Other operating income	**1,228**	1,323
Selling and distribution expenses	**(3,777)**	(7,584)
Administrative expenses	**(6,609)**	(13,186)
Other expenses	**(24,998)**	(6,976)
Impairment loss on financial assets	**–**	(1,509)
Impairment loss on contract assets written back	**–**	658
Share of results of associates	**(602)**	(794)
Finance costs	**(4,715)**	(8,104)
Loss before tax	**(30,849)**	(23,036)
Income tax expense	**9**	(718)
Loss for the period	**(30,840)**	(23,754)

Other operating expenses of TEE Land comprised mainly of additional buyer's stamp duty for a development project of $4,680,000 and impairment of $20,309,000 recognised based on net estimated fair value in accordance with SFRS(I)5 – *Non-Current Assets Held-for-sale and Discontinued Operation*. TEE Land's discontinued operations financial results are for eight months ended 31 January 2020, being effective date of disposal for accounting purpose.

NOTES TO THE FINANCIAL STATEMENTS

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46 LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS (cont'd)

The cashflows attributable to TEE Land are set out below:

	2020 $'000	2019 $'000
Net cash from operating activities	**33,304**	10,198
Net cash from investing activities	**242**	5,470
Net cash used in financing activities	**(35,122)**	(19,763)
Net cash outflows	**(1,576)**	(4,095)

The fair value of identifiable assets and liabilities of TEE Land at date of disposal are disclosed in Note 50.

(ii) As disclosed in Note 16, the Group has accounted for AWM as discontinued operations and the loss for the year from AWM is analysed as follows:

	2020 $'000	2019 $'000
Other operating income	**296**	–
Administrative expenses	**(3,204)**	(772)
Other operating expense	**(896)**	–
Finance costs	**(721)**	–
Loss before taxation	**(4,525)**	(772)
Income tax expense	**–**	–
Loss for the year	**(4,525)**	(772)

The cashflows attributable to AWM is set out below:

	2020 $'000	2019 $'000
Net cash from/(used in) operating activities	**358**	(724)
Net cash used in investing activities	**(782)**	(214)
Net cash from financing activities	**457**	923
Net cash inflows/(outflows)	**33**	(15)

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47 LOSS PER SHARE

The calculation of basic earnings per ordinary share is based on Group's loss attributable to owners of the Company of $59,554,000 (2019 - $18,173,000) divided by the weighted average number of ordinary shares (excluding treasury shares) of 646,882,476 (2019 - 554,077,058) in issue during the year.

Fully diluted loss per ordinary share is calculated based on 646,882,476 (2019 - 554,077,058) ordinary shares.

From continuing and discontinued operations

	Group			
	2020		2019	
	Basic	**Diluted**	Basic	Diluted
	$'000	**$'000**	$'000	$'000
Loss attributable to Owners of the Company	**(59,554)**	**(59,554)**	(18,173)	(18,173)
Weighted average number of ordinary shares (excluding treasury shares) for the purposes of basic/diluted earnings per share	**646,882,476**	**646,882,476**	554,077,058	554,077,058
Loss per share (cents)	**(9.21)**	**(9.21)**	(3.28)	(3.28)

From continuing operations

	Group			
	2020		2019	
	Basic	**Diluted**	Basic	Diluted
	$'000	**$'000**	$'000	$'000
Loss attributable to Owners of the Company	**(27,694)**	**(27,694)**	(3,732)	(3,732)
Weighted average number of ordinary shares (excluding treasury shares) for the purposes of basic/diluted earnings per share	**646,882,476**	**646,882,476**	554,077,058	554,077,058
Loss per share (cents)	**(4.28)**	**(4.28)**	(0.67)	(0.67)

48 LEASES

The Group leases leasehold land and premises, motor vehicles and office equipment from non-related parties under non-cancellable lease agreements. There are no restrictions placed on the Group by entering into these contracts.

The leases for certain leased premises contain extension periods for which the related lease payments has been included in lease liabilities as the Group is reasonably certain to exercise these extension options. The leases for certain leased premises also include termination options. The Group negotiates extension options to provide flexibility in managing the leased assets and align with the Group's business needs.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

48 LEASES (cont'd)

The Group as lessee

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	Group	
	31 May 2020 $'000	1 June 2019 $'000
Leasehold land and building	**–**	18,038
Leased premises	**1,164**	3,261
Motor vehicles	**1,021**	1,804
Machinery and tools	**152**	–
Office equipment	**136**	178
	2,473	23,281

ROU assets classified within investment properties

The right-of-use assets relating to the leasehold land and building presented under Investment properties are stated at fair value and have carrying amounts at the statement of financial position date of $13,425,000 for the Group and $2,409,000 for the Company.

(b) Depreciation charge during the year

	Group 2020 $'000
Leasehold land	**1,088**
Leased premises	**999**
Motor vehicles	**212**
Machinery and tools	**161**
Office equipment	**42**
	2,502

(c) Addition of ROU assets during the financial year was $1,032,000.

(d) At the end of prior reporting period, the Group and the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 31 May 2019 $'000	Company 31 May 2019 $'000
Within one year	**3,267**	347
In the second to fifth year inclusive	**6,225**	759
After fifth year	**22,340**	2,223
Total	**31,832**	3,329

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.

As disclosed in Note 51, the Group has adopted SFRS(I) 16 on 1 June 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statements of financial position as at 1 June 2019, except for short-term and low value assets.

Minimum lease payments under operating leases recognised as expense in prior year amounted to $1,657,000.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

48 LEASES (cont'd)

The Group as lessee (cont'd)

(e) Information regarding the Group and the Company's lease liabilities are disclosed in Note 30.

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 $5,254,000 (2019 - $3,133,000) and $1,935,000 (2019 - $1,935,000) respectively.

The future minimum rental receivables under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group 31 May 2020 $'000	Company 31 May 2020 $'000
Undiscounted lease payments to be received:		
- Year 1	**5,456**	2,118
- Year 2	**5,456**	2,148
- Year 3	**4,027**	2,148
- Year 4	**2,026**	2,148
- Year 5	**2,026**	2,148
- Year 6 and onwards	**1,519**	1,611
	20,510	12,321

At the end of prior reporting period, the Group and Company had contracted with tenants for at the following future minimum lease payments:

	Group 31 May 2019 $'000	Company 31 May 2019 $'000
Within one year	**2,185**	1,935
In the second to fifth year inclusive	**8,410**	7,740
After fifth year	**3,386**	3,386
Total	**13,981**	13,061

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

49 SEGMENT INFORMATION

The Group is organised into four major operating divisions - Corporate & Others, Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. Certain assets, liabilities and profit and loss items are also reallocated to the respective segments. 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 and commercial properties and investment in hotels and properties. Infrastructure business offers infrastructure solutions in the areas of water and energy related projects and commercial and industrial real estate management. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services.

Reportable Operating Segment Information

In accordance with SFRS(I) 8 *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, contract assets, inventories, development properties, available-for-sale investment, investment in associates, investment in joint venture, club membership, completed properties and land 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, provision for maintenance costs, income tax payable, finance leases, term notes, long-term borrowings, notes payable, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

49 SEGMENT INFORMATION (cont'd)

	Corporate & Others		Engineering		Infrastructure		Discontinued operations		Elimination		Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment revenue												
External sales	**1,935**	1,935	**292,423**	203,182	**35,587**	44,221	**47,877**	113,963	**–**	–	**377,822**	363,301
Inter-segment sales	**3,613**	439	**507**	14,062	**12**	8	**813**	1,204	**(4,945)**	(15,713)	**–**	–
Total revenue	**5,548**	2,374	**292,930**	217,244	**35,599**	44,229	**48,690**	115,167	**(4,945)**	(15,713)	**377,822**	363,301
Segment results												
Segment results	**(34,599)**	(5,770)	**(12,208)**	6,676	**(4,293)**	(6,384)	**(8,579)**	(17,324)	**10,847**	8,942	**(48,832)**	(13,860)
Share of results of associates and joint venture	**–**	–	**(4)**	69	**750**	499	**(602)**	(794)	**–**	–	**144**	(226)
Finance costs	**(4,333)**	(2,984)	**(2,296)**	(2,033)	**(1,437)**	(1,204)	**(5,435)**	(8,037)	**1,031**	986	**(12,470)**	(13,272)
(Loss)/Profit before tax	**(38,932)**	(8,754)	**(14,508)**	4,712	**(4,980)**	(7,089)	**(14,616)**	(26,155)	**11,878**	9,928	**(61,158)**	(27,358)
Income tax expense	**(1,354)**	(467)	**(2,466)**	(1,537)	**350**	470	**9**	(718)	**54**	–	**(3,407)**	(2,252)
(Loss)/Profit for the year	**(40,286)**	(9,221)	**(16,974)**	3,175	**(4,630)**	(6,619)	**(14,607)**	(26,873)	**11,932**	9,928	**(64,565)**	(29,610)
Segment assets												
Segment assets	**37,876**	24,406	**211,448**	204,265	**31,398**	23,249	**17,041**	383,487	**–**	–	**297,763**	635,407
Investment in associates and joint venture	**–**	–	**130**	129	**9,646**	8,246	**–**	5,409	**–**	–	**9,776**	13,784
Deferred tax assets	**–**	–	**560**	136	**58**	–	**–**	3,861	**–**	–	**618**	3,997
Total assets	**37,876**	24,406	**212,138**	204,530	**41,102**	31,495	**17,041**	392,757	**–**	–	**308,157**	653,188
Segment liabilities												
Segment liabilities	**4,750**	2,310	**152,710**	147,260	**14,058**	14,315	**2,308**	46,028	**–**	–	**173,826**	209,913
Loans, borrowings and lease liabilities	**16,347**	40,268	**62,917**	42,987	**14,369**	5,805	**17,532**	219,657	**–**	–	**111,165**	308,717
Income tax payable	**842**	–	**3,488**	2,326	**9**	82	**–**	37	**–**	–	**4,339**	2,445
Deferred tax liabilities	**–**	–	**–**	–	**178**	388	**–**	387	**–**	–	**178**	775
Total liabilities	**21,939**	42,578	**219,115**	192,573	**28,614**	20,590	**19,840**	266,109	**–**	–	**289,508**	521,850

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

49 SEGMENT INFORMATION (cont'd)

	Corporate & Others		Engineering		Infrastructure		Discontinued operations		Elimination		Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Other information												
Depreciation	**76**	73	**475**	209	**2,817**	1,990	**2,706**	5,618	**–**	–	**6,074**	7,890
Allowance for diminution in value of completed properties and land for sale	**–**	–	**–**	–	**–**	–	**–**	542	**–**	–	**–**	542
Change in fair value of investment properties	**653**	–	**–**	–	**536**	–	**–**	691	**–**	–	**1,189**	691
Allowance for doubtful trade receivables	**–**	–	**53**	85	**–**	86	**–**	7	**–**	–	**53**	178
Loss allowance on contract assets	**–**	–	**957**	–	**–**	–	**–**	–	**–**	–	**957**	–
Write back of loss allowance for contract assets	**–**	–	**–**	(658)	**–**	–	**–**	–	**–**	–	**–**	(658)
Allowance for doubtful other receivables	**9**	–	**–**	(15)	**160**	–	**–**	181	**–**	–	**169**	166
Impairment loss on investment in associates	**–**	–	**–**	–	**–**	–	**–**	3,600	**–**	–	**–**	3,600
Loss/(Gain) on disposal of property, plant and equipment	**–**	–	**71**	17	**(65)**	37	**–**	(30)	**–**	–	**6**	24
Gain on disposal of an associate	**–**	–	**–**	–	**–**	(139)	**–**	–	**–**	–	**–**	(139)
Property, plant and equipment written off	**–**	–	**–**	9	**225**	252	**9**	–	**–**	–	**234**	261

49 SEGMENT INFORMATION (cont'd)

	Corporate & Others		Engineering		Infrastructure		Discontinued operations		Elimination		Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Other information												
Amortisation of intangible asset	**–**	–	**–**	–	**744**	745	**–**	–	**–**	–	**744**	745
Change in fair value of financial assets at FVTPL	**82**	536	**–**	–	**–**	–	**–**	–	**–**	–	**82**	536
Purchase of property, plant and equipment	**11**	28	**139**	259	**374**	3,177	**814**	371	**–**	–	**1,338**	3,835
Amortisation of deferred commission expenses	**73**	73	**–**	–	**–**	–	**1,660**	4,481	**–**	–	**1,733**	4,554
Amortisation of deferred show flat costs	**–**	–	**–**	–	**–**	–	**1,150**	433	**–**	–	**1,150**	433
Allowance for doubtful loan receivable	**–**	–	**–**	–	**–**	–	**–**	665	**–**	–	**–**	665
Impairment loss on property, plant and equipment	**97**	–	**–**	–	**1,491**	–	**896**	–	**–**	–	**2,484**	–
Impairment recognised based on net fair value of a subsidiary disposed of	**–**	–	**–**	–	**–**	–	**20,309**	–	**–**	–	**20,309**	–

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

49 SEGMENT INFORMATION (cont'd)

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 other receivables and deferred tax assets) are analysed based on the location of those assets.

	Revenue		Non-current assets	
			31 May	31 May
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore	**366,205**	315,463	**42,241**	69,757
Malaysia	**473**	27,338	**–**	53
Brunei	**–**	–	**–**	15
Thailand	**2,987**	2,851	**11,016**	–
Vietnam	**419**	436	**–**	–
Hong Kong	**2,303**	8,705	**144**	132
Australia/New Zealand	**5,435**	8,508	**–**	47,395
Total	**377,822**	363,301	**53,401**	117,352

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

50 DISPOSAL OF SUBSIDIARY

As disclosed in Note 46, the Group disposed of its entire 63.28% stake in TEE Land Limited. The fair value of identifiable assets and liabilities disposed of were as follows:

	As at 31 Jan 2020 $'000
Effects on disposal	
Cash and bank balances	23,442
Trade receivables and other receivables	14,763
Contract assets and contract costs	39,240
Loans receivables	10,632
Inventories	45
Development properties	132,798
Completed properties and land for sale	60,843
Investment in associates	4,854
Property, plant and equipment	56,749
Right-of-use assets	2,049
Investment properties	9,318
Deferred tax assets	4,426
Bank loans and overdraft	(1,165)
Trade payables and other payables	(38,517)
Contract liabilities	(9,205)
Long-term borrowings	(190,292)
Financial guarantee liabilities	(140)
Income tax payable	(409)
Lease liabilities	(2,042)
Deferred tax liabilities	(417)
Net assets in a subsidiary	116,972
Less: Non-controlling interest in disposal group	(48,536)
Add: Foreign currency translation in disposal group	389
Net	68,825
Impairment recognised based on TEE Land Limited's net estimated fair value	(20,309)
Consideration, net of transaction costs (Note A)	48,516
Cash and short-term deposits disposed of	(23,442)
Net cash inflow from the disposal of a subsidiary	25,074

Note A

Consideration	50,617
Transaction costs	(2,101)
Net consideration	48,516

NOTES TO THE FINANCIAL STATEMENTS
31 May 2020

51 ADOPTION OF NEW AND REVISED STANDARDS

On 1 June 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group and the Company's accounting policies and has no material effect on the amounts reported for current or prior years except as discussed as below:

The Group applied SFRS(I) 16 using the modified retrospective approach which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparatives under SFRS(I) 1-17.

The Group previously determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 June 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 June 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a ROU asset and a lease liability at commencement for all leases.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

- excluded initial direct costs from the measurement of the ROU asset at the date of initial application;

- used hindsight when determining the lease term when the contract contains options to extend or terminate the lease; and

- adjust the right-of-use asset at the date of initial application by the amount of provision of onerous leases recognised under SFRS(I) 1-37 Provisions, contingent liabilities and contingent assets in the statements of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SFRS(I) 1-36.

<u>As a lessee</u>

The Group's leased assets include properties, motor vehicles and office equipment. The Group previously classified these leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises ROU assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

51 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

Leases previously classified as operating leases under SFRS(I) 1-17

The Group previously classified property and office equipment leases as operating leases under SFRS(I) 1-17. On transition, the lease liabilities of these leases were measured at the present value of the remaining lease payments, discounted at the Group's IBR applicable to the leases as at 1 June 2019. ROU assets are measured at an amount equal to the lease liabilities.

For short-term leases and lease of low value assets, the Group has elected for exemption under SFRS(I) 16 from recognising ROU assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

The Group has tested its ROU assets for impairment on the date of transition and has concluded that there is no indication that the ROU assets are impaired.

The Group previously classified motor vehicle leases as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 June 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

Financial impact of initial adoption of SFRS(I) 16

The effects of adoption of SFRS(I) 16 as at 1 June 2019 are as follows:

	Group Increase / (Decrease) $'000	Company Increase / (Decrease) $'000
Investment properties	2,562	2,562
Property, plant and equipment	21,774	–
Finance lease obligation	(1,489)	–
Lease liabilities	25,825	2,562

On 1 June 2019, there is no material impact on tax circumstances which give rise to temporary differences on initial recognition of both the ROU assets and lease liabilities.

The Group and the Company's weighted average IBR applied to measure the Group and the Company's lease liabilities recognised in the statements of financial position on 1 June 2019 was 1.8% to 5.00% per annum for the Group and 2.52% per annum for the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

51 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

Financial impact of initial adoption of SFRS(I) 16 (cont'd)

A reconciliation of the differences between the Group and the Company's operating lease commitments previously disclosed in the financial statements as at 31 May 2019 and the Group and the Company's lease liabilities recognised in the statement of financial position on 1 June 2019 is as follows:

	Group $'000	Company $'000
Operating lease commitments as at 1 June 2019	35,775	3,329
Less: Leases with lease term ending within 12 months from date of initial application	(1,258)	(157)
Less: Variable lease payment not recognised	(666)	–
Less: Low value assets not recognised	(11)	–
Less: Discounting effect using weighted average IBR	(9,504)	(610)
Add : Finance lease recognized as at 1 June 2019	1,489	–
Lease liabilities recognised as at 1 June 2019	25,825	2,562

The Group as lessor

The Group leases out its investment properties and has classified these leases as operating leases.

The Group is not required to make any adjustments on transaction to SFRS(I) 16 for leases in which the Group acts as lessor.

52 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the Group and the Company were issued but not effective.

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I)	1 January 2020
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 16: Covid-19 Related Rent Concessions	1 June 2020
Amendment to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, plant and equipment – Proceeds before intended use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-Current	1 January 2023
Annual Improvements to SFRS(I) Standards 2018 - 2020	1 January 2022

Management anticipates that the adoption of the standards above will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

53 CONTINGENT LIABILITIES

Arbitration Proceedings

The Company released an announcement on 19 September 2020 that a Malaysian client ("Claimant") has on 6 March 2020 commenced two sets of arbitration proceedings, as follows: (a) Arbitration proceedings against TEE E&C (Malaysia) Sdn Bhd ("TEE E&C (M)"), a wholly-owned subsidiary of the Company in Malaysia (the "Malaysia Arbitration"); and (b) Arbitration proceedings against the Company in Singapore (the "Singapore Arbitration"), (collectively, the "Arbitration Proceedings"). The Arbitration Proceedings are in respect of disputes between the Claimant and TEE E&C (M) arising out of and/or in connection with a construction contract dated 30 June 2014. The Company is the Corporate Guarantor of TEE E&C (M) under the construction contract.

The Claimant is claiming for a total of RM55.99 million ($18.45 million) comprising of the following items: (a) liquidated damages; (b) costs of rectification of alleged defects; (c) loss of profits due to delay; (d) additional costs and expenses; and (e) direct payments to TEE E&C (M)'s sub-contractors.

In view of the Adjudication Application as described below, the Company has filed an application to stay the Singapore Arbitration pending the resolution of the Malaysia Arbitration, supported by the Company's undertaking be bound by the outcome of the Malaysia Arbitration.

Adjudication Application

Prior to the initiation of the above Arbitration Proceedings by the Claimant, TEE E&C (M) filed an Adjudication Application in Malaysia on 26 September 2019 against the Claimant under the Construction Industry Payment and Adjudication Act 2012 Malaysia for outstanding payments. On 16 March 2020, the Adjudication Determination for the Adjudication Application was issued to both parties.

Under the Adjudication Application, the Claimant claimed a total of RM34.58 million ($11.39 million) for (a) liquidated damages; (b) costs of rectification of alleged defects; and (c) direct payments to TEE E&C (M)'s sub-contractors, while TEE E&C (M) claimed for RM5.50 million ($1.81 million) for value of work done but unpaid.

Under the Adjudication Determination, the Adjudicator (a) rejected the Claimant's claims on liquidated damages; (b) awarded RM3.76 million ($1.24 million) to the Claimant for rectification of alleged defects out of the Claimant's claim of RM24.77 million ($8.16 million); (c) awarded RM2.97 million ($0.98 million) to the Claimant for direct payments to TEE E&C (M)'s sub-contractors; and awarded fully RM5.50 million ($1.81 million) to TEE E&C (M) for unpaid work. The above Adjudication Determination result in a net payable of RM1.23 million ($0.41 million) to the Claimant. These costs and billings awarded by the Adjudicator has been recognised in the financial statements for the current financial year.

Thereafter, TEE E&C (M) proposed a settlement with the Claimant based on the conditions set out in the Adjudication Determination. The Claimant however, rejected TEE E&C (M)'s proposed settlement.

Management's assessment

The Executive Directors have evaluated these claims and are of the view that the amount claimed by the Claimant are excessive and without merit. Accordingly, no provision for claim items (a), (c) and (d) under the Arbitration proceedings have been made in the financial statements for the current financial year ended 31 May 2020. In respect of item (b) and (e) under the Arbitration proceedings, the costs and the billings awarded by the Adjudicator have been recognised in the financial statements for the current financial year ended 31 May 2020.

The Group has sought further legal advice and intends to vigorously pursue its defence against the Claimant.

SHAREHOLDERS' INFORMATION

As at 21 September 2020

ISSUED AND FULLY PAID-UP CAPITAL (INCLUDING TREASURY SHARES)	:	S$73,193,862
ISSUED AND FULLY PAID-UP CAPITAL (EXCLUDING TREASURY SHARES)	:	S$72,925,213
NO. OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	646,882,476
NUMBER/PERCENTAGE OF TREASURY SHARES	:	1,270,400 (0.20%)
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	150	13.11	2,975	0.00
100 - 1,000	76	6.64	42,789	0.01
1,001 - 10,000	311	27.19	1,834,239	0.28
10,001 - 1,000,000	572	50.00	79,729,344	12.33
1,000,001 & ABOVE	35	3.06	565,273,129	87.38
TOTAL	1,144	100.00	646,882,476	100.00

TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	431,507,564	66.71
2	DBS NOMINEES PTE LTD	18,199,311	2.81
3	CHENG SHAO SHIONG @BERTIE CHENG	17,000,000	2.63
4	OCBC NOMINEES SINGAPORE PTE LTD	13,577,145	2.10
5	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	11,820,039	1.83
6	LINCOLN CAPITAL PTE. LTD.	7,000,000	1.08
7	RHB SECURITIES SINGAPORE PTE LTD	5,814,600	0.90
8	MAYBANK KIM ENG SECURITIES PTE.LTD	5,256,542	0.81
9	CHEW TIONG KHENG	5,184,400	0.80
10	RAFFLES NOMINEES (PTE) LIMITED	4,357,658	0.67
11	OCBC SECURITIES PRIVATE LTD	3,556,536	0.55
12	PHILLIP SECURITIES PTE LTD	3,454,367	0.53
13	KUAH ANN THIA	3,400,000	0.53
14	PEH SOEK BEE	2,551,000	0.39
15	KO LEE MENG	2,458,000	0.38
16	CITIBANK NOMINEES SINGAPORE PTE LTD	2,240,185	0.35
17	LIM WEE HAN	2,044,000	0.31
18	SAW CHIN CHOO	1,925,100	0.30
19	WONG HEANG TUCK	1,856,600	0.29
20	TAN CHO HUI	1,800,000	0.28
	TOTAL	545,003,047	84.25

SHAREHOLDERS' INFORMATION

As at 21 September 2020

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 21 September 2020

	Number of shares Direct Interest	%	Number of shares Deemed Interest	%
Tramore Global Limited[(1)]	431,378,471	66.69	–	–
Teo Yi-Dar[(2)(5)]	–	–	431,378,471	66.69
Gary Ng Jit Meng[(5)]	–	–	431,378,471	66.69
Altair ASEAN Fund Limited Partnership [(3)]	–	–	431,378,471	66.69
Altair Capital General Partners Ltd [(4)]	–	–	431,378,471	66.69

Notes:

(1) A total of 431,378,471 ordinary shares held by Tramore Global Limited ("TGL") are registered in the name of UOB Kay Hian Pte Ltd.

(2) Teo Yi-Dar through his 100% shareholding interest in TGL, is deemed to have an interest in the shares held directly by TGL.

(3) Altair ASEAN Fund Limited Partnership ("AAFL") financed the investment in TGL, and is deemed to have an interest in all the shares held directly by TGL.

(4) Altair Capital General Partners Ltd ("ACGP") is the general partner of and controls AAFL. ACGP is deemed to have an interest in the shares held directly by TGL.

(5) Teo Yi-Dar and Gary Ng Jit Meng are directors of TGL and are the managing partners of ACGP. They each own more than 20% of ACGP, and are deemed to have an interest in all the shares held directly by TGL.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 21 September 2020, approximately 32.76% 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 21 September 2020

Number of outstanding Warrants	:	57,193,798
Exercise Price:	:	S$0.189
Expiry Date	:	30 October 2020

DISTRIBUTION OF WARRANTHOLDERS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	164	15.11	3,015	0.00
100 - 1,000	263	24.24	104,636	0.18
1,001 - 10,000	529	48.76	1,576,439	2.76
10,001 - 1,000,000	125	11.52	6,525,168	11.41
1,000,001 & ABOVE	4	0.37	48,984,540	85.65
TOTAL	1,085	100.00	57,193,798	100.00

TOP TWENTY WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS HELD	%
1	UOB KAY HIAN PTE LTD	45,679,053	79.87
2	TAY KUEK LEE	1,121,826	1.96
3	CITIBANK NOMINEES SINGAPORE PTE LTD	1,093,456	1.91
4	DBS NOMINEES PTE LTD	1,090,205	1.91
5	RAFFLES NOMINEES (PTE) LIMITED	664,752	1.16
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	571,576	1.00
7	ONG BOON CHUAN	318,487	0.56
8	YEO KHEE SENG BENNY	228,117	0.40
9	KO LEE MENG	207,037	0.36
10	PHILLIP SECURITIES PTE LTD	183,853	0.32
11	SAW CHIN CHOO	158,953	0.28
12	MAYBANK KIM ENG SECURITIES PTE.LTD	140,987	0.25
13	CHOO JOON YIEW	113,985	0.20
14	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	105,114	0.18
15	LEE BEE WAH	87,053	0.15
16	GOH YAU HONG	85,914	0.15
17	TAN CHONG MENG	85,458	0.15
18	KUA CHEE ENG	83,179	0.14
19	PHUA CHER CHEW (PAN ZIQIU)	75,950	0.13
20	LOW CHUI HENG	72,924	0.13
	TOTAL	52,167,879	91.21

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of TEE International Limited (the "**Company**") will be held at by way of electronic means on 30 October 2020, Friday, 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 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Gn Hiang Meng as Director of the Company who will be retiring pursuant to Article 89 of the Company's Constitution.

   Mr. Gn will, upon re-election as a Director of the Company, remain as an Independent Director of the Company. Detailed information of Mr. Gn required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report. **(Resolution 2)**

3. To re-elect Mr. Siow Yuen Khong Alex ("Mr. Siow") as Director of the Company who will be retiring pursuant to Article 88 of the Company's Constitution.

   Mr. Siow will, upon re-election as a Director of the Company, remain as an Independent Director of the Company. Detailed information of Mr. Siow required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report. **(Resolution 3)**

4. To re-elect Mr. Teo Yi-Dar ("Mr. Teo") as Director of the Company who will be retiring pursuant to Article 88 of the Company's Constitution.

   Mr. Teo will, upon re-election as a Director of the Company, remain as a Non-Executive, Non-Independent Director of the Company. Detailed information of Mr. Teo required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report. **(Resolution 4)**

5. To re-elect Mr. Gary Ng Jit Meng ("Mr. Ng") as Director of the Company who will be retiring pursuant to Article 88 of the Company's Constitution.

   Mr. Ng will, upon re-election as a Director of the Company, remain as a Non-Executive, Non-Independent Director of the Company. Detailed information of Mr. Ng required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report. **(Resolution 5)**

6. To approve the payment of Directors' fees of S$330,000 for the financial year ending 31 May 2021 to be paid quarterly in arrears. (2020: S$330,000). **(Resolution 6)**

7. To re-appoint M/s Foo Kon Tan 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 Singapore Exchange Securities Trading Limited ("**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

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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. **(Resolution 8)**

[See Explanatory Note i*]*

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 and subsidiary holdings) 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. **(Resolution 9)**

[See Explanatory Note ii*]*

NOTICE OF ANNUAL GENERAL MEETING

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. **(Resolution 10)**

    [See Explanatory Note iii*]*

12. **Authority to issue shares under the TEE International Employee Share Option Scheme 2016**

    That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options in accordance with the provisions of the TEE International Employee Share Option Scheme 2016 (the "**Scheme**") and to allot and issue or deliver from time to time such number of Shares (or treasury shares) in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares available pursuant to the Scheme, the TEE International Performance Share Plan 2016 and any other share-based schemes of the Company collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time 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. **(Resolution 11)**

    [See Explanatory Note iv*]*

13. **Authority to issue shares under the TEE International Performance Share Plan 2016**

    That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the TEE International Performance Share Plan 2016 (the "**Plan**") and to allot and issue or deliver from time to time such number of Shares (or treasury shares) in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted by the Company under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares available pursuant to the Plan, the Scheme and any other share-based schemes of the Company collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time 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. **(Resolution 12)**

    [See Explanatory Note v*]*

By Order of the Board

Josephine Toh
Company Secretary

Singapore
13th October 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 8 proposed in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM 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, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (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 and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company or the date by which the next AGM 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 and subsidiary holdings) 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 2020 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 12 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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.

(iv) The Ordinary Resolution 11 proposed in item 13 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 in the Company pursuant to the exercise of options granted under the Scheme. The aggregate number of Shares which may be issued pursuant to the Scheme, the Plan and any other share-based schemes of the Company collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(v) The Ordinary Resolution 12 proposed in item 14 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 in the Company pursuant to the vesting of awards granted or to be granted under the Plan, provided that the aggregate number of Shares available pursuant to the Plan, the Scheme and any other share-based schemes of the Company collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. The AGM is being convened, and will be held by way of electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. This Notice of AGM will also be sent to members by way of electronic means via publication on the Company's website at http://www.teeintl.com and the SGXNet.

3. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Persons who hold shares and wish to follow the proceedings must pre-register at https://agm.conveneagm.com/teeintlagm2020 no later than 2.30 p.m. on 28 October 2020. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

   Members are advised to also check the junk / spam folder of their emails in case the emails are directed there instead of the inbox. Members who registered but do not receive an email response by 2.30 p.m. on 29 October 2020 may contact us, 6697 6589 or by email at IR@teeintl.com.

   Persons who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM should approach their respective relevant intermediaries as soon as possible for necessary arrangements to be made for their participation in the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the "live" broadcast of the AGM. An Investor (other than CPF/SRS investors) who wish to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible but not less than 7 working days before the AGM, i.e. by 2.30 p.m., 20 October 2020 in order for the relevant intermediary to make the necessary arrangements to pre-register.

4. Due to the current Covid-19 restriction orders in Singapore, members will **not** be able to attend the AGM in person. Members will also not be able to vote online on the resolutions tabled for approval at the AGM.

5. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote in his/her/its stead at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman of the AGM, as a proxy, need not be a member of the Company.

6. The accompanying proxy form for the AGM may be accessed at the Company's website at https://www.teeintl.com/newsroom/sgx-announcement and the SGXNet. In addition, where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. If a member of the Company, being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) wishes to appoint the Chairman of the AGM as his/her/its proxy to vote in his/her/its stead at the AGM, he/she/its must be shown to have shares entered against his/her/its name in the Depository Register, as certified by The Central Depository (Pte) Limited, at least seventy-two (72) hours before the time of the Meeting.

8. CPF/SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 2.30 p.m., 20 October 2020. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries at least 7 working days, i.e. by 2.30 p.m., 20 October 2020 before the AGM if they wish to vote.

9. The Proxy Form must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Company's registered office at 25 Bukit Batok Street 22, Singapore 659591; or

   (b) if submitted electronically, be sent via email to *proxyform@teeintl.com*;

   in either case, by 2.30 p.m. on 28 October 2020, being not less than forty-eight (48) hours before the time appointed for the AGM.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

10. Members and Investors will not be able to ask questions "live" during the "live" broadcast of the AGM. All members may submit questions relating to the business of the AGM no later than 72 hours before the AGM:

    (a) via the pre-registration website at https://agm.conveneagm.com/teeintlagm2020

    (b) by email to *IR@teeintl.com*; or

    (c) by post to the Company's registered office at 25 Bukit Batok Street 22, Singapore 659591.

    When sending in your questions, please also provide us with the following details:

    (a) your full name;

    (b) your address;

    (c) number of shares held; and

    (d) the manner in which you hold shares (e.g., via CDP, CPF or SRS).

    The Company will endeavour to address all relevant questions during the AGM proceedings, and subsequent to the AGM, will also post such questions from Shareholders and responses by the Company as well as minutes of the AGM proceedings on SGXNET.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing the Chairman of the meeting as proxy to 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

Company Registration No. 200007107D
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 October 2020 entitled "Annual General Meeting" which has been uploaded together with the Notice of Annual General Meeting ("AGM") dated 13 October 2020 on SGXNET on the same day. This announcement may also be accessed at the Company's website http://www.teeintl.com
2. Members will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/ its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. For investors who have used their CPF monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 October 2020.
5. Please read the notes to the Proxy Form.

I/We, ____ (Name)

____ (NRIC/Passport Number/Company Registration Number)

of ____ (Address)

being a member/members of TEE International Limited (the "**Company**"), hereby appoint:

The Chairman of the Meeting

as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held by way of electronic means on 30 October 2020, Friday, at 2:30 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "**For**" or "**Against**". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "**Abstain**". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "**For**" or "**Against** or "**Abstain**". In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Resolutions relating to:	[1] No. of Votes For	[1] No. of Votes Against	[1] No. of Votes Abstain
1	Directors' Statement and Audited Financial Statements for the year ended 31 May 2020			
2	Re-election of Mr. Gn Hiang Meng as a Director			
3	Re-election of Mr. Siow Yuen Khong Alex as a Director			
4	Re-election of Mr. Teo Yi-Dar as a Director			
5	Re-election of Mr. Gary Ng Jit Meng as a Director			
6	Approval of Directors' fees of S$330,000 for the financial year ending 31 May 2021 to be paid quarterly in arrears			
7	Re-appointment of M/s Foo Kon Tan LLP as Auditors			
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			
11	Authority to issue shares under the TEE International Employee Share Option Scheme 2016			
12	Authority to issue shares under the TEE International Performance Share Plan 2016			

[1] If you wish to exercise all your votes "For", "Against" or "Abstain", please tick (√) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate in the boxes provided.

Dated this ________ day of __________ 2020

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Company's announcement dated 13 October 2020 entitled "Annual General Meeting" which has been uploaded together with the Notice of Annual General Meeting dated 13 October 2020 on SGXNet on the same day. This announcement may also be accessed at the Company's website http://www.teeintl.com

   The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Persons who hold shares and wish to follow the proceedings must pre-register at https://agm.conveneagm.com/teeintlagm2020 no later than 2.30 p.m. on 28 October 2020. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

   Members are advised to also check the junk / spam folder of their emails in case the emails are directed there instead of the inbox. Members who registered but do not receive an email response by 2.30 p.m. on 29 October 2020 may contact us, 6697 6589 or by email at IR@teeintl.com.

   Members and investors holding Shares through the Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**") who wish to follow the proceedings must pre-register at https://agm.conveneagm.com/teeintlagm2020 by 2.30 pm on 28 October 2020.

   Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the "live" broadcast of the AGM. An Investor (other than CPF/SRS investors) who wish to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible but not less than 7 working days before the AGM, i.e. by 2.30 p.m., 20 October 2020 in order for the relevant intermediary to make the necessary arrangements to pre-register.

2. Members will **not** be able to attend the AGM in person. Members will also not be able to vote online on the resolutions tabled for approval at the AGM.

3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. If a member of the Company, being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) wishes to appoint the Chairman of the AGM as his/her/its proxy to vote in his/her/its stead at the AGM, he/she/its must be shown to have shares entered against his/her/its name in the Depository Register, as certified by The Central Depository (Pte) Limited, at least seventy-two (72) hours before the time of the Meeting.

6. CPF/SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 2.30 p.m., 20 October 2020. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries at least 7 working days, i.e. by 2.30 p.m., 20 October 2020 before the AGM if they wish to vote.

7. The Proxy Form must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Company's registered office at 25 Bukit Batok Street 22, Singapore 659591; or

   (b) if submitted electronically, be sent via email to *proxyform@teeintl.com*;

   in either case, by 2.30 p.m. on 28 October 2020, being not less than forty-eight (48) hours before the time appointed for the AGM.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

8. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

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 Annual General Meeting dated 13 October 2020.

General:

The Company shall be entitled to reject the instrument appointing the Chairman as proxy 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 instrument appointing the Chairman as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Phua Boon Kin
Interim Group Chief Executive and Managing Director
Ms. Saw Chin Choo
Executive Director
Mr. Teo Yi-Dar
Non-Executive, Non-Independent Director
Mr. Gary Ng Jit Meng
Non-Executive, Non-Independent Director
Mr. Gn Hiang Meng
Independent Director
Mr. Aric Loh Siang Khee
Independent Director
Prof. Siow Yuen Khong Alex
Independent Director

AUDIT COMMITTEE
Chairman
Mr. Gn Hiang Meng
Members
Mr. Aric Loh Siang Khee
Prof. Siow Yuen Khong Alex

NOMINATING COMMITTEE
Chairman
Mr. Gn Hiang Meng
Members
Mr. Aric Loh Siang Khee
Prof. Siow Yuen Khong Alex

REMUNERATION COMMITTEE
Chairman
Mr. Gn Hiang Meng
Members
Mr. Aric Loh Siang Khee
Prof. Siow Yuen Khong Alex

COMPANY SECRETARY
Ms. Josephine Toh Le Mui, ACIS

REGISTERED OFFICE
Co. Reg. No.: 200007107D
25 Bukit Batok Street 22
TEE Building
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 Robinsons Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

INDEPENDENT AUDITORS
Foo Kon Tan LLP
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

Auditor Partner-in-charge:
Mr. Kon Yin Tong
(Appointed with effect from 13 July 2020)

INVESTOR RELATIONS
Ms. Celine Ooi
Tel: (65) 6697 6589
Fax: (65) 6565 1738
Email: IR@teeintl.com

PRINCIPAL BANKERS
United Overseas Bank Limited
CIMB Bank Berhad
DBS Bank Ltd

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