TEE INTERNATIONAL

TEE International Annual Report 2017

ABOUT TEE INTERNATIONAL

CONTENTS

CORPORATE PROFILE

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

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

OUR VISION

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

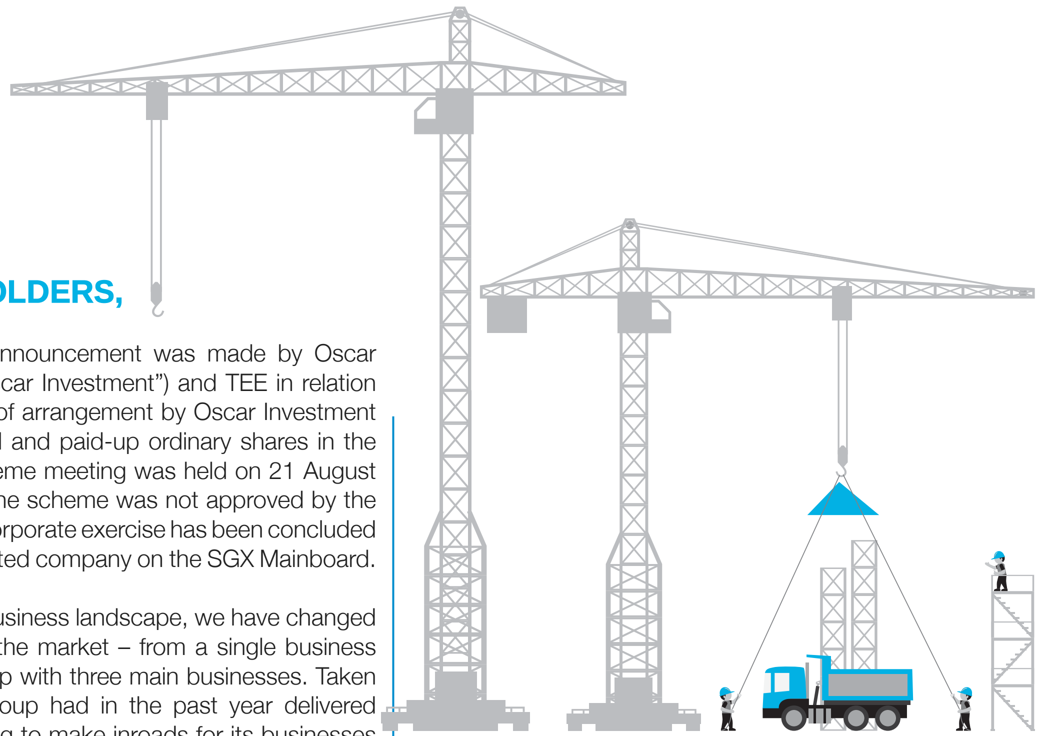
OUR MISSION

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

CHAIRMAN'S MESSAGE

Bertie Cheng Shao Shiong
Chairman and Independent Director

AS A GROUP, WE STRIVE TO MAINTAIN COMPETITIVENESS BY ENSURING THAT OUR TEAM IS FUTURE-READY. IN FACT, WE ARE NOW A DIVERSIFIED GROUP WITH A LARGER BUSINESS NETWORK TO TAP ON. THIS WILL ALLOW US TO BE MORE FAVOURABLY POSITIONED TO CAPTURE FUTURE GROWTH OPPORTUNITIES.



DEAR SHAREHOLDERS,

In April 2017, a joint announcement was made by Oscar Investment Pte Ltd ("Oscar Investment") and TEE in relation to a proposed scheme of arrangement by Oscar Investment to acquire all the issued and paid-up ordinary shares in the capital of TEE. The scheme meeting was held on 21 August 2017 and the result of the scheme was not approved by the requisite majority. This corporate exercise has been concluded and TEE remains as a listed company on the SGX Mainboard.

In today's competitive business landscape, we have changed the way we operate in the market – from a single business entity to become a group with three main businesses. Taken in this context, TEE Group had in the past year delivered progress while continuing to make inroads for its businesses in Engineering, Real Estate and Infrastructure for FY2017.

PREPARING FOR THE FUTURE

The Engineering business continues to excel in its field. During the year, the team has reliably delivered quality engineering services to our clients. Such track record has positioned TEE as one of Singapore's established engineering group with a total outstanding order book of S$230 million as at 31 May 2017. Demand for engineering services and rebuilding works is fuelled by several indicators including the economic outlook and the Government's Master Plan. In Singapore, government agencies have committed to launch building projects across sectors, which will bode well for the Engineering business. The team continues to lay the groundwork for future tenders. Even with strong track record, it is of utmost importance that we deliver projects on-time and of high quality. Above it all, we continuously seek to improve ourselves and stay relevant in the markets that we have a presence in.

On the Real Estate front, trends are looking more positive in the second half of 2017 with a good take-up rate for TEE Land's developments in Singapore. We expect TEE Land's ongoing developments to be completed progressively in the next financial year and beyond. The Singapore and regional property markets will remain relatively unchanged in the near term as the respective governments play their part to curb escalating property prices. Therefore, it is imperative for TEE Land to continually seek new land acquisitions in good locality and subsequently to offer buyers a well-designed development.

For the Infrastructure business, the business development team are evaluating several infrastructure projects in the South-East Asia region. These projects are mainly in the areas of Water and Power sector where we have the complementary expertise to build, operate, and own. Another aspect of the Infrastructure business is in its investment. In FY2017, TEE sold the bulk of its stake in its listed associated company, CMC Infocomm Limited to realise part of its investment in the company.

Going forward the challenges in the overall business environment will not be eased. Instead, new challenges may arise to disrupt current markets. As a group, we strive to maintain competitiveness by ensuring that our team is future-ready. In fact, we are now a diversified group with a larger business network to tap on. This will allow us to be more favourably positioned to capture future growth opportunities.

NOTE OF APPRECIATION

On behalf of the Board, I would like to thank the management and staff of TEE for their contributions and dedication to TEE, as well as all shareholders and stakeholders for their unwavering support through the years. With the support from our stakeholders, TEE Group will endure and rise above current challenging times.

Bertie Cheng
Chairman and Independent Director

GROUP CHIEF EXECUTIVE & MANAGING DIRECTOR'S MESSAGE

C K Phua
Group Chief Excutive and Managing Director

NOTWITHSTANDING THE CURRENT VOLATILE ECONOMIC CONDITIONS, TEE GROUP IS POSITIONED TO FACE THE HEADWINDS.

TEE Group today is markedly different from being a pure engineering company we were ten years ago. We have transformed to become diversified and strived to maintain competitiveness in the market where competition has heightened amidst uncertain economic environment. Despite challenges in the business landscape, TEE Group made progress in FY2017 in terms of business activities, which I will elaborate further.

STRENGTHENING OUR POSITION

Our core Engineering Business continued to perform well. During the year, the team continued to deliver superior engineering services to our clients, which earned them continual recognition for being an accomplished engineering solutions provider, particular in M&E services, and Asset Enhancement Initiative ("AEI") works under the Building & Construction division.

The team had earned high accolades from clients and consultants for timely delivery, as well as quality and safety for large-scale project such as Marina One, an iconic integrated mixed development project by M+S Pte Ltd – a joint venture of Kazanah Nasional and Temasek Holdings.

In FY2017, we have secured close to S$51 million worth of new contracts under the Changi Airport Group ("CAG"). This is an example of how we leverage on our track record to grow and expand with our existing clients. Besides the new contracts from CAG, we have also secured other projects including the AEI works for the Singapore University of Technology and Design, and other AEI works for existing clients.

In Hong Kong and Malaysia, the teams are advancing forward with new projects secured, and active participation in tenders. Our presence in these markets are developing with progress and we expect more business activities to turn into new project leads and orders.

To further strengthen our position in the engineering market, we have embarked on providing engineering services for infrastructure-related projects particularly in the healthcare and transportation sectors. These sectors have been identified and are in line with Singapore's Master Plan over the next decade.

In FY2017, the number of projects available in both the public and private sectors has gradually picked up as we observed the increase in tender activities. Nevertheless, we are constantly faced with strong competition from international contractors with deep financial backing and resources. In response to enhance our competitive bid to capture opportunities in Singapore, Malaysia and Hong Kong, we have stepped up business development activities and exploring potential strategic partnership, which are both headed by our Group Business Development Director.

STAYING COMPETITIVE

In the past year, our Real Estate Business, TEE Land focused on developing and selling the units of ongoing projects. In FY2017, TEE Land obtained TOP for Hilbre28 and continued to work towards completing Third Avenue in Cyberjaya, Malaysia by the second quarter of 2018.

The increasingly more positive market sentiments in the real estate industry benefitted TEE Land, as illustrated through 183 LONGHAUS and recently launched 24One Residences both being almost fully sold. Riding on this wave of demand, TEE Land aims to launch another freehold residential development in Geylang Lorong 35 by the end of 2017.

In addition to maintaining sound operations of TEE Land's current development projects, the team is also aggressively identifying new plots of land for acquisition. One of TEE Land's competitive advantages is in the ability of securing well-located freehold land in Singapore. Coupled with good product attributes and locality of land, we expect TEE Land to drive successful project launches that will meet buyers' needs.

In Thailand, associated company Chewathai Public Company Limited ("Chewathai")'s newly launched Chewathai Phetkasem 27 has been well received in the market. During the year, TEE Land made a strategic move to realise value in its income-generating assets, whereby Quality CKS Hotel Sydney Airport was sold for AUD32.0 million (SGD33.63 million).

IDENTIFYING OPPORTUNITIES

The Infrastructure Business continued to ensure smooth operation and development of TEE's existing wastewater treatment plants in Thailand and power plant in the Philippines respectively. The construction of the power plant in the Philippines is underway and we expect the plant to be completed by FY2018.

For FY2017, a strategic move was made to realise value in our investment in the infocommunications business. TEE sold off majority of its stake in its associated company CMC Infocomm Limited ("CMC Infocomm"), only retaining 4.9% of the business.

In terms of business development, the team is also actively identifying and evaluating good investment opportunities in the areas of Water and Power infrastructure in the South-East Asia region. Our strategic intent for the Infrastructure Business is to look at projects that are smaller in size where larger infrastructure funds typically do not consider as part of their mandate.

Such projects are scattered around the region, especially in second, third tier cities and even islands in countries including Indonesia, Vietnam and the Philippines. In addition, we also prudently select the projects to evaluate so as to ensure that it is financially viable and have a right local partner to execute such investment.

ACKNOWLEDGEMENT

Notwithstanding the current volatile economic conditions, TEE Group is positioned to face the headwinds. We believe that the business strategies currently in placed will not only help TEE Group through the difficult times, but will help the company stay competitive.

With the end of another financial year, I would like to express my earnest appreciation to the Board of Directors for their counsel and guidance, as well as the management and staff for their tenacity and support towards TEE Group. I would like to thank our business partners and associates for their endorsement and validation.

Last but not the least, I would like to express gratitude on behalf of TEE group to our shareholders for their continual support and belief in the company. TEE group will strive to bring greater value and transcend all circumstances.

C K Phua
Group Chief Executive and Managing Director

OPERATION REVIEW

ENGINEERING

During the year, the Engineering business remain focused on executing ongoing projects. Major M&E projects include the iconic Marina One development at Marina Bay, Frasers Tower along Cecil Street, Our Tampines Hub for People Association, and High Tension electrical networks at Changi Airport.

Major building projects include A&A works for an office building along Shenton Way, replacement of fixed gangway / passenger loading bridges at Changi Airport & construction of ancillary building for Changi East development.

In Malaysia, major projects include the new MDIS campus at Iskandar EDU City and a water treatment plant at Kedah.

Despite the challenging economic conditions coupled with the increasingly competitive market, the team continued to secure new contracts in both the M&E and Asset Enhancement Initiatives ("AEI") works from new and repeat clients.

At Changi Airport, we actively participate in tenders while executing current contracts. In FY2017, we were appointed by CAG as the nominated sub-contractor for the design, supply, delivery, installation, testing and commissioning of airfield lighting system for Changi East Development and the construction of the centralised dish washing facilities at Changi Terminal 3. The development plans for Singapore Changi Airport will continue to present many business opportunities for TEE in the future as we leverage on our established track record with CAG.

In Hong Kong and Malaysia, the teams have made progress by securing new projects, and actively participating in tenders. With increased business activities in these markets, we expect such efforts to turn into good project leads for future tenders.

Overall, the construction industry in Singapore and the region will continue to be hampered by challenges in the business environment. Nonetheless, we have identified the opportunities for engineering services infrastructure-related projects in the transportation and healthcare sectors. Areas of focus will be SMRT M&E networks, LTA Rails & Depots, Changi East Development, new build specialist & community hospitals and AEI works at the existing hospitals. Our past track record for these sectors will put us in good stead for future growth.

To meet the potential demand of such projects, we have put in place a dedicated and experienced team to tender for such projects.

As at 31 May 2017, our total unfulfilled engineering order book totalled at S$230 million.

REAL ESTATE

For the Real Estate business, TEE Land's development projects have performed well in FY2017.

Hilbre28, a Hillside Drive development in Singapore featured unique tri-key apartments, has been fully sold and obtained TOP in May 2017. 183 LONGHAUS, a four-storey mixed development located at the site of the former Longhouse Food Centre, has sold 95% of its residential units. Construction of 183 LONGHAUS has started and the project is expected to obtain TOP by December 2018. Works are underway for TEE Land's landed residential property development at 31 and 31A Harvey Avenue, of which unit 31A has been sold. This two-unit project is expected to be completed by December 2017.

In terms of new developments, TEE Land acquired a plot of freehold land at 241 Pasir Panjang Road through the acquisition of Ley Choon Development Pte. Ltd.. The plot has been developed into a condominium named 24One Residences and the project was launched in August 2017. Comprising 2- to 4- bedroom units, all units have been sold, with only 5 remaining unsold units.

In Thailand, TEE Land's associated company, Chewathai Public Company Limited ("Chewathai"), continues to show stable performance on the Market for Alternative Investment of the Stock Exchange of Thailand. In the year under review, Chewathai launched Chewathai Phetkasem 27, a high-rise condominium development that has been well-received.

For Australia, TEE Land completed the sale of one of its hotels – Quality Hotel CKS Sydney Airport - which accords with its the aim of realising value from its investments.

In the near term, TEE Land will continue to build its land bank and develop residential projects that are of good quality and value.

INFRASTRUCTURE

For FY2017, TEE Infrastructure continues to explore the power and water sectors that it is currently engaged in.

For the power business in Philippines, construction work of the 25 Megawatt power plant is expected to be completed by FY2018. TEE's shareholding interests in PHI remains unchanged at 21.05%.

During the year of under review, TEE sold the bulk of its majority stake in its associated company CMC InfoComm Limited ("CMC Infocomm"), realising value in its investment. TEE currently still hold 4.9% of CMC Infocomm.

In addition, the Infrastructure team ventured into the solar business through the project management and installation of a 17.11kW solar PV system at the roof top of TEE Building. This installation served as a learning experience for the team as they got a better understanding of the solar business.

In October 2017, TEE announced a partnership with Malaysian Solar Resources ("MSR") that would allow for strategic collaboration in the solar industry. This entails the formation of a joint venture company where TEE and MSR will be 51% and 49% shareholders of respectively, with the intention to participate in tenders for upcoming solar projects in Singapore. In addition, both TEE and MSR will jointly explore solar investment opportunities in the South-East Asia region.

FINANCIAL REVIEW

INCOME STATEMENT

For the financial year ended 31 May 2017, ("FY2017"), revenue decreased by S$8.1 million due mainly to the recognition of lower revenue from on-going engineering projects. As a results, cost of sales for FY2017 correspondingly decreased by S$14.4 million.

Gross profit increased by S$6.3 million for FY2017 due mainly to higher gross profit margin for certain completed engineering projects.

Other operating income increased by S$2.1 million due mainly to the gain on disposal of a property by TEE Land.

Selling and distribution expenses increased by S$2.2 million due mainly to higher sales and direct marketing expenses incurred by TEE Land.

Administrative expenses decreased by S$3.2 million due mainly to lower depreciation charges and staff cost.

Share of results of associates and joint venture decreased by S$16.7 million due mainly to impairment and losses incurred by TEE Land's associated companies.

Finance costs increased by S$1.4 million due mainly to additional borrowings.

Income tax expenses increased by S$2.2 million due mainly to the gain on disposal of a property by TEE Land.

Overall, the Group reported loss after tax of S$1.0 million in FY2017 as compared to profit after tax of S$11.4 million in FY2016.

Loss attributable to owners of the Company was S$1.6 million in FY2017 as compared to profit of S$9.1 million in FY2016.

STATEMENT OF FINANCIAL POSITION

Trade receivables increased by S$11.9 million due mainly to progressive billings from development properties and on-going engineering projects.

Other receivables decreased by S$12.4 million due mainly to payment by a former joint developer and payment of refundable deposit.

Loans receivables decreased by S$3.5 million due mainly to repayment.

Construction work-in-progress in excess of progress billings decreased by S$14.3 million due to progressive billing of the on-going engineering projects.

Development properties increased by S$30.7 million due mainly to the acquisition of new land.

Non-current assets classified as held for sale increased by S$47.5 million, due mainly to the reclassification of two properties in Australia, which were previously held under property, plant and equipment. Accordingly, property, plant and equipment decreased by S$66.9 million. One of the properties in Australia, which was classified as asset held for sale in 2QFY2017, was disposed in 4QFY2017.

Investment in associates and joint venture decreased by S$10.5 million and S$0.5 million respectively due mainly to disposal of an associate, dividend received from associates and a joint venture.

Deferred tax assets increased by S$1.2 million due mainly to deferred tax benefits recognised by certain loss-making subsidiaries.

Other payables increased by S$4.1 million due mainly to shareholder's loan from non-controlling interest.

Long-term loan decreased by S$4.1 million due to payment to a former joint developer.

Term notes of S$29.9 million was reclassified from non-current liability to current liability as payment of the term notes is due within the next 12 months.

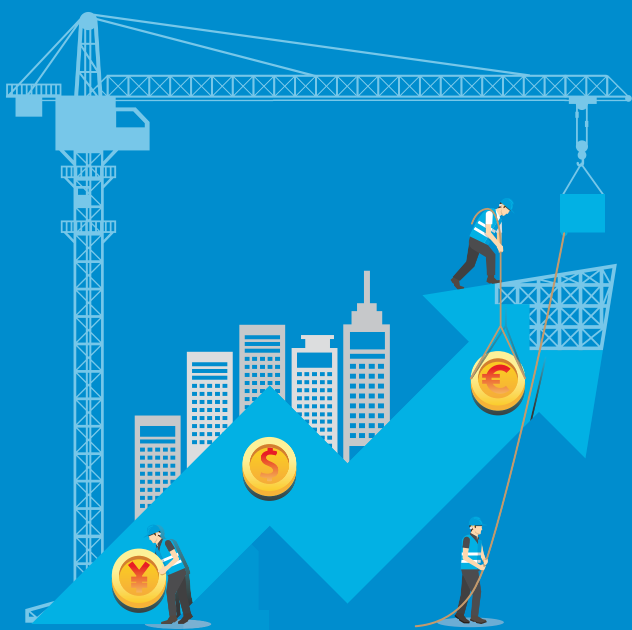
STATEMENT OF CASH FLOWS

Net cash used in operating activities was S$28.4 million, mainly from the acquisition of new land.

Net cash from investing activities was S$45.8 million, due mainly to dividend received from associates and proceeds received from disposal of a property by TEE Land.

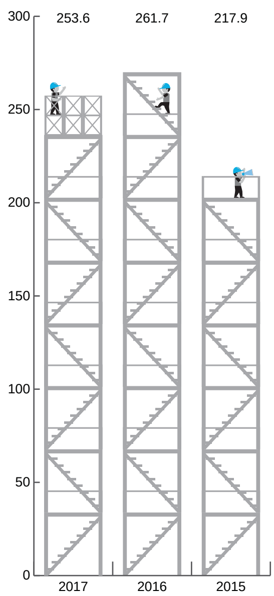
Net cash used in financing activities was S$14.7 million, mainly from repayment of borrowings.

As a result, the Group recorded a net increase in cash and cash equivalents of S$2.8 million.

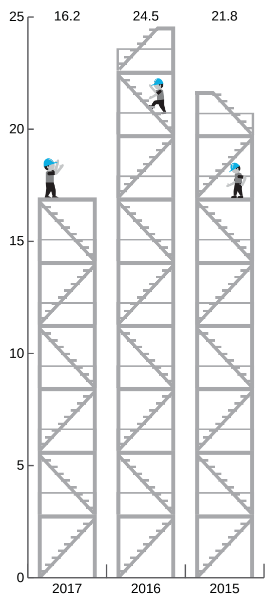


GROUP
FINANCIAL HIGHLIGHTS

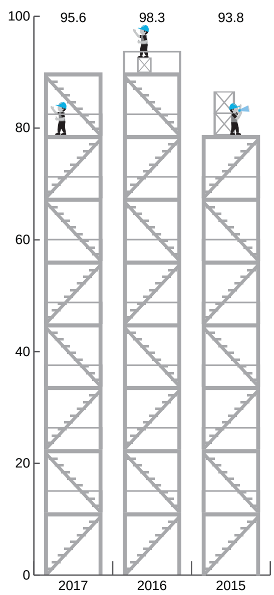
REVENUE (S$'M)



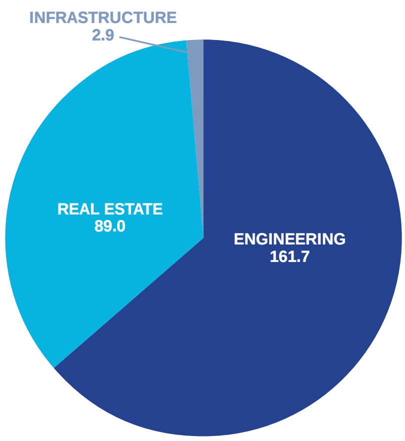
EBITDA (S$'M)



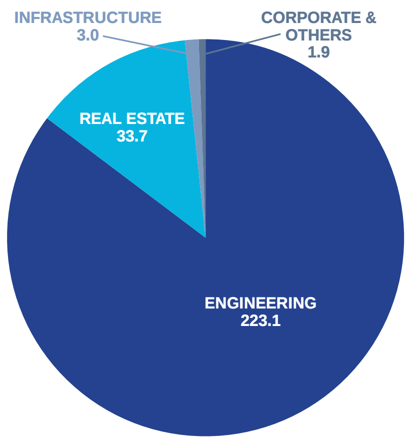
SHAREHOLDERS' EQUITY (S$'M)



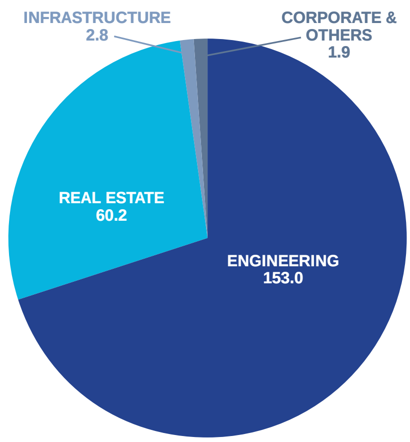
REVENUE BREAKDOWN FOR FY2017 (S$'M)



REVENUE BREAKDOWN FOR FY2016 (S$'M)



REVENUE BREAKDOWN FOR FY2015 (S$'M)



THREE-YEAR TREND

	2017	2016 (Restated)	2015 (Restated)
FOR THE YEAR			
Revenue (S$'000)	**253,615**	261,706	217,895
Gross Profit (S$'000)	**36,177**	29,855	35,862
Gross Profit Margin (%)	**14.3**	11.4	16.5
Earnings before interest, tax, depreciation and amortisation (EBITDA) (S$'000)	**16,176**	24,502	21,786
Operating Profit (EBIT) (S$'000)	**11,153**	19,747	18,408
Profit before tax (S$'000)	**2,296**	12,404	13,781
Pre-tax profit margin (%)	**0.9**	4.7	6.3
(Loss) Profit for the year (S$'000)	**(968)**	11,377	11,589
After-tax profit margin (%)	**(0.4)**	4.3	5.3
(Loss) Profit attributable to owners of the Company (S$'000)	**(1,569)**	9,062	9,840
AT YEAR END (S$'000)			
Current assets	**465,991**	391,888	366,635
Total assets	**582,284**	592,951	557,575
Current liabilities	**275,156**	245,121	235,544
Total liabilities	**416,658**	425,035	397,166
Total debts (including finance lease)*	**267,905**	271,358	256,677
Equity attributable to owners of the Company	**95,610**	98,304	93,788
Total equity	**165,626**	167,916	160,409
Number of shares (excluding treasury shares) as at 31 May ('000)	**501,953**	503,223	503,222
PROFITABILITY RATIOS			
Return on shareholders' equity (%)	**(1.6)**	9.2	10.5
Return on total assets (%)	**(0.3)**	1.5	1.8
LEVERAGE RATIOS			
Long-term debt to equity ratio (times)	**0.82**	1.06	0.96
Total debt to equity ratio (times)	**1.6**	1.6	1.6
Interest cover (times)	**1.1**	2.2	2.6
LIQUIDITY ANALYSIS RATIOS			
Current ratio (times)	**1.7**	1.6	1.6
Net asset value per share (cents)	**19.0**	19.5	18.6
SHAREHOLDERS' INVESTMENT RATIOS			
(Loss) Earnings per share – basic (cents)	**(0.31)**	1.80	1.98
Gross dividend per share (cents)	**0.12**	0.33	2.50
Dividend cover (times)	**(2.6)**	5.5	0.8
PRODUCTIVITY			
Number of employees	**445**	532	456
Revenue/employees (S$'000)	**569.9**	491.9	477.8
Number of employees (excluding workers)	**309**	379	296
Revenue/employees (S$'000)	**802.8**	690.5	736.1

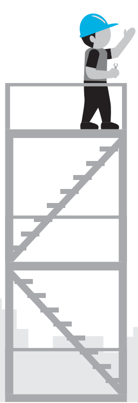
** Excluding long-term loan of S$4,050,000 due to a former joint developer*

OUR STRATEGIC FOCUS

COMMITTED. UNITED. DRIVING EXCELLENCE.

LEVERAGING ON CORE FUNDAMENTALS IN ENGINEERING

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



INTEGRATED BUSINESS PLATFORM ENHANCES BUSINESS SYNERGIES

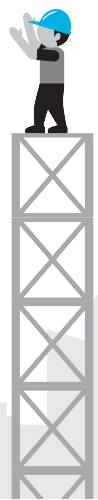
Our integrated business platform comprising three main businesses – Engineering, Real Estate and Infrastructure enables us to create synergies and value for the TEE Group. By virtue of our established reputation and capabilities built from our Engineering business, we are able to grow and expand into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

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

STRENGTHENING FOOTHOLD IN OVERSEAS MARKETS

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

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



BUSINESS SEGMENTS

ENGINEERING BUSINESS

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

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

MECHANICAL AND ELECTRICAL ("M&E") DIVISION

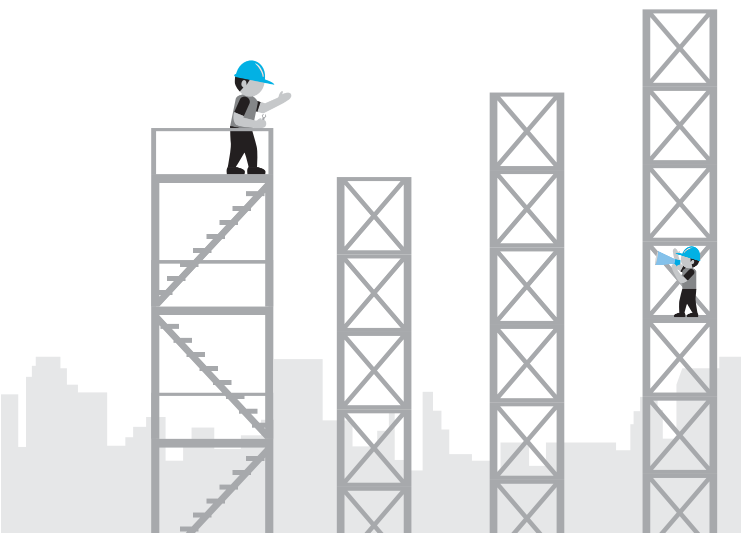
TEE's M&E Engineering division primarily undertakes large-scale and complex engineering projects as well as infrastructure-related projects. It possesses the expertise and experience to offer a complete suite of engineering services from design to final completion of projects.

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

BUILDING AND CONSTRUCTION DIVISION

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

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



REAL ESTATE BUSINESS

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

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

INFRASTRUCTURE AND INFRASTRUCTURE-RELATED BUSINESS

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

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

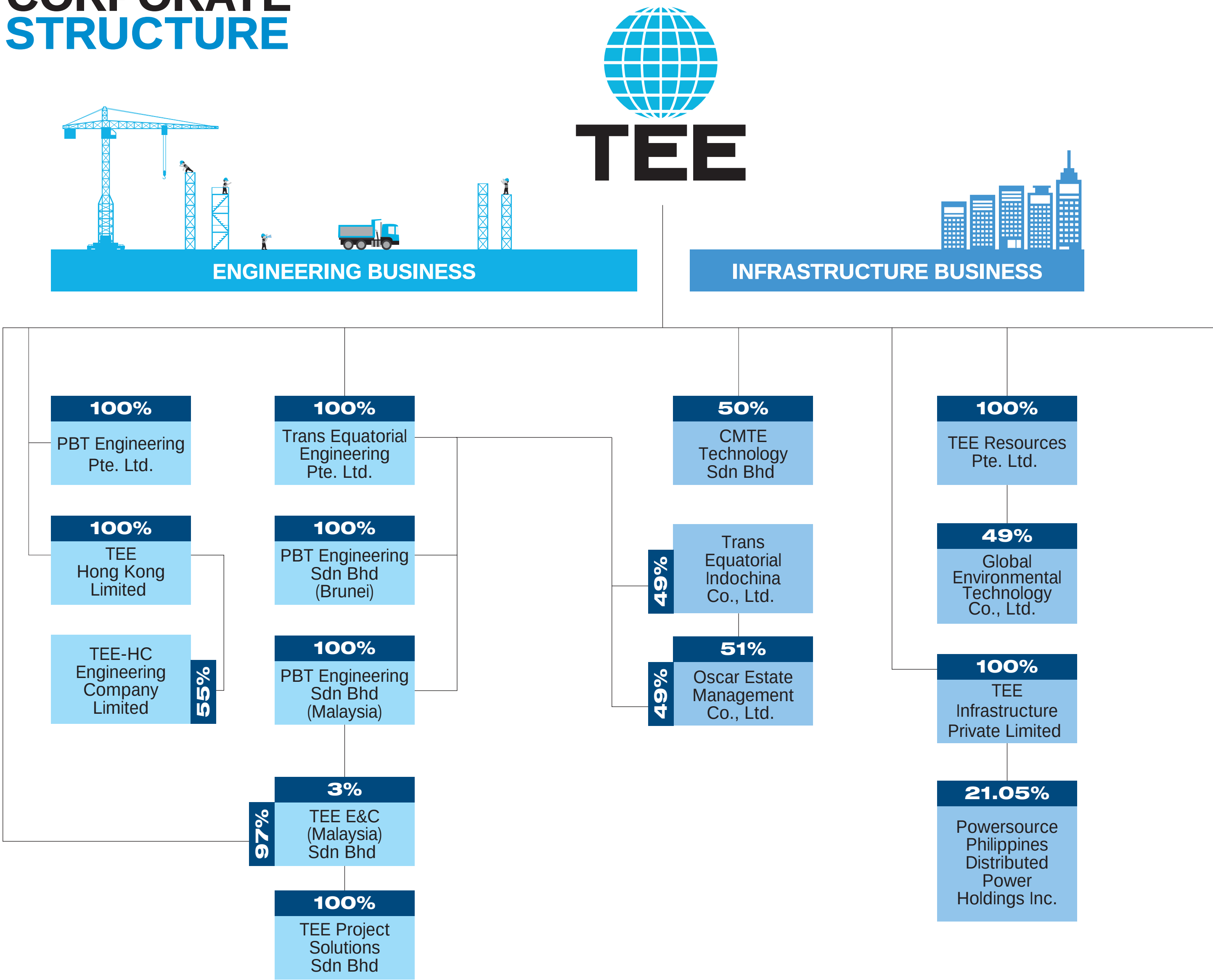
Through a joint venture partner in Thailand, TEE owns a 49% stake in Global Environmental Technology Co., Ltd. ("GETCO"). GETCO is one of Thailand's largest waste water treatment companies, with a total capacity of 350 million litres per day, serving commercial, industrial, business and residential communities.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

TEE has also ventured into the power business through a 21.05% investment in PowerSource Philippines Distributed Power Holdings, Inc. in 2015. Through this investment, TEE made its maiden foray into the Philippines to own and construct a 25 Megawatt green-field power plant.

As a first step to explore the solar business, TEE Infrastructure installed a 17.11kW solar PV system at the rooftop of TEE Building. Through this installation, TEE Infrastructure has a better understanding of the solar business and aims to build this business.

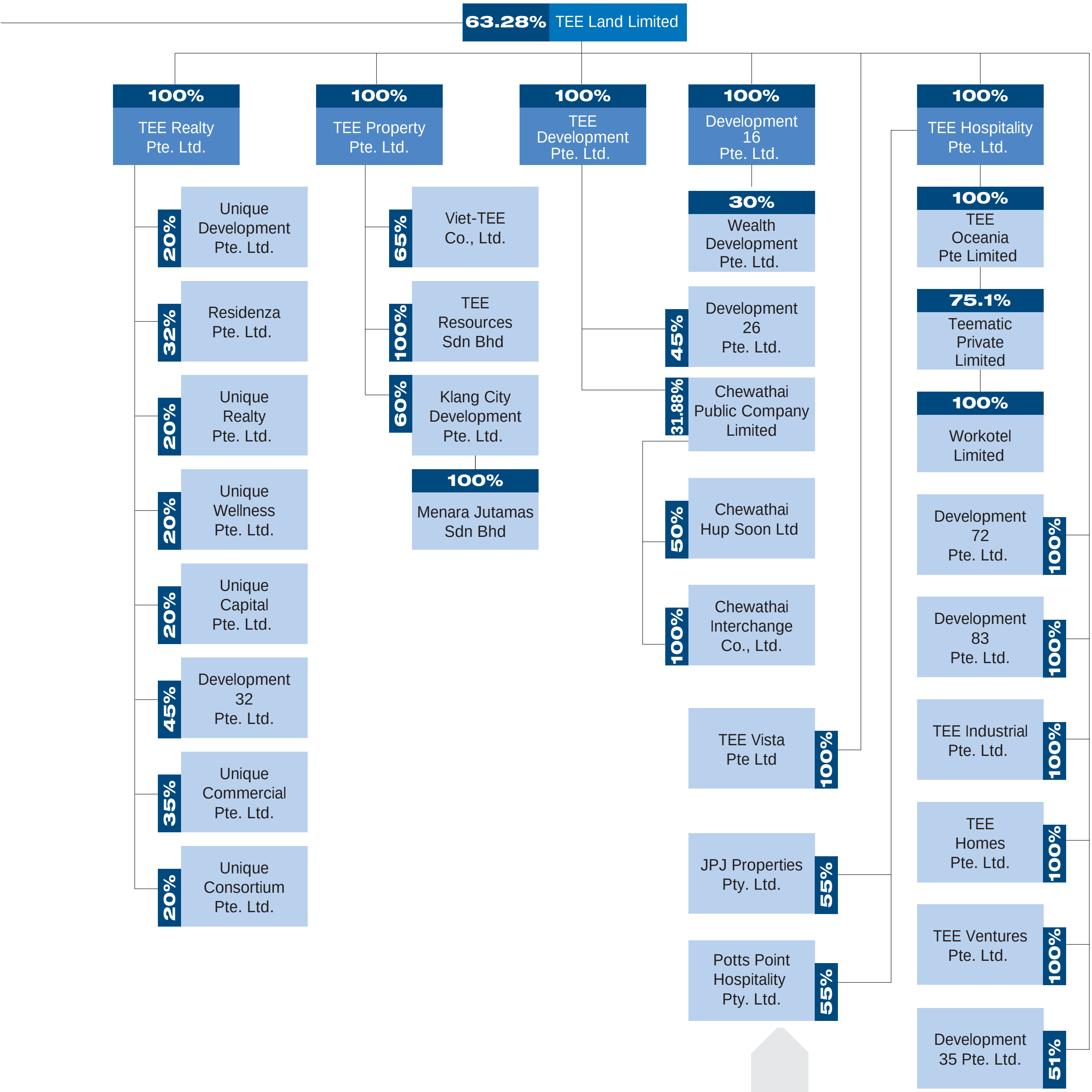
With its new strategic partnership with Malaysian Solar Resources ("MSR"), TEE and MSR will participate in tenders for new solar projects as well as strategically explore more solar opportunities in the South-East Asia region.

CORPORATE STRUCTURE



* Group Corporate Structure does not include dormant subsidiaries and associate companies with less than 20% stake.

REAL ESTATE BUSINESS



BOARD OF DIRECTORS

1

MR. BERTIE CHENG SHAO SHIONG, 80

Chairman and Independent Director

Mr. Cheng was appointed an Independent Director of the Company on 5 March 2001 and was last re-appointed a Director of the Company on 27 September 2016.

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

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

2

MR. PHUA CHIAN KIN, 58

Group Chief Executive & Managing Director

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

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

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

He is a keen sportsman who has completed 10 full marathons over the past 15 years.

3

MR. LEE AH FONG, 71

Independent Director

Mr. Lee was appointed an Independent Director of the Company on 1 March 2011 and was last re-elected a Director of the Company on 27 September 2016. He currently serves as Chairman of the Remuneration Committee, and a member of the Audit Committee, Nominating Committee and Executive Committee.

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

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

4

MR. GN HIANG MENG, 69

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 29 September 2015. He currently serves as Chairman of the Audit Committee as well as the Nominating Committee and is a member of both the Executive Committee and Remuneration Committee.

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

Mr. Gn was with the United Overseas Bank Group for 28 years and was the Senior Executive Vice-President in charge of investment banking and stock-broking businesses prior to his resignation in 2001. He was the Deputy President of UOL Group 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.

5

MR. ARIC LOH SIANG KHEE, 53

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 27 September 2016. He is a member of the Audit 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.

6

MR. PHUA BOON KIN, 55

Deputy Group 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 29 September 2015.

Mr. Phua holds the post of Deputy Group Managing Director and Managing Director of TEE Group's Engineering business. He plays an active role in the corporate affairs of TEE Group, as well as the overall in charge of TEE Group's Engineering business. Mr. Phua has more than 30 years of experience in project execution and project management, and he was instrumental in the setting up of the two main subsidiaries of TEE Group, namely Trans Equatorial Engineering Pte. Ltd. in 1991 and PBT Engineering Pte. Ltd. in 1996. He has since been with TEE Group for the past 26 years and has held various appointments in both of these subsidiaries.

He is also a Company Director in PBT Engineering Pte. Ltd., Security Pro-Telco Pte. Ltd., Trans Equatorial Engineering Pte. Ltd., TEE Management Pte. Ltd. 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.

7

MS. SAW CHIN CHOO, 55

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 30 September 2014.

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

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

She is currently the Managing Director of all the Malaysian subsidiaries of TEE Group and a Company Director of PBT Engineering Pte. Ltd.. She is an Alternate Director in our Bruneian subsidiary, PBT Engineering Sdn Bhd. She is also a Non-Executive Director of TEE Land Limited and Company Director of various subsidiaries of TEE Land Group.

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

KEY EXECUTIVES

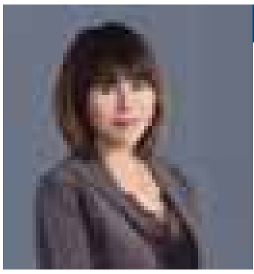

1


2


3


4


5


6


7


8

1

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.

2

MR. CHEUNG KAY KWONG

Managing Director, Hong Kong, Macao and China Operations

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

3

MR. EDWIN NEO

Special Assistant to Group Chief Executive
Head of Infrastructure

Mr. Neo joined TEE in August 2014. In his role as the special assistant to the Group Chief Executive and Founder, he is responsible to lead and drive special projects as well as new corporate initiatives at the Group level.

In his role as the Executive Director, Infrastructure, he is responsible for driving the Infrastructure business to expand into new regions and markets as well as scale up the existing infrastructure investments.

Prior to joining TEE, Mr. Neo worked for the Singapore government holding various leadership positions in International Enterprise Singapore, a statutory board under the Ministry of Trade and Industry (MTI). Edwin is also a recipient of the Firefly scholarship granted by MTI to pursue his undergraduate education in the United States.

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

4

MR. PHUA CHER CHEW

Executive Director & Chief Executive Officer,
TEE Land Limited

Mr. Phua was appointed to the Board of TEE Land on 18 December 2012 as Executive Director and Chief Executive Officer. He joined TEE International's real estate division in July 2007 and has held the positions of general manager, executive director and managing director for real estate. Throughout his tenure, he has been instrumental in TEE Group's rapid growth, leading to the expansion of its business and operations. Prior to his appointment in TEE, he has worked in Trans Equatorial Engineering Pte Ltd (a wholly-owned subsidiary of TEE Group) holding the positions of general manager of business development and business development manager. In April 2016, TEE Land's associated company, Chewathai Public Company Limited was listed on the Market for Alternative Investment of the Stock Exchange of Thailand. Mr. Phua was appointed on the Board of Chewathai as Non-Executive Director.

Mr. Phua holds a Bachelor of Business degree from Central Queensland University and a Diploma in Accounting from Singapore Polytechnic.

5

MS. YEO AI MEI

Deputy Group Chief Financial Officer
Group Company Secretary

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

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

6

ER. JANNET ANG

Director, Group Business Development

Er. Ang joined TEE in 2017 and heads the business development team, as well as executes TEE's local and overseas business development strategies. Er. Ang is a professional engineer and Licensed Electrical Engineer with over 20 years of experience in M&E consultancy, project management and supervision of transportation, commercial, industrial, residential, institutions and hospital development projects.

Prior to joining TEE, Er. Ang was a consultant in various international firms and was actively involved in BCA Electronic National Productivity and Quality Specifications (eNPQS) as a technical committee work group member and familiar with the specification, and Technical Committee Work Group Member of SS CP97: Part 2 – Code of Practice for Construction Electronic Measurement Standards to improve productivity and quality in measurement of building works. Er. Ang was a Council & Executive Committee Member of Asian Institute of Intelligent Buildings (Singapore Chapter) who can add value to the innovative design.

Er. Ang holds a Bachelor in Electronic & Electrical Engineering (2nd Upper Honours), University of Surrey, United Kingdom.

7

MS. LOH CHOOI LENG

Director, Human Resources

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

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

8

MS. CELINE OOI

Senior manager, Investor Relations and Business Development

Ms. Ooi joined TEE in January 2014 and is responsible for maintaining timely and transparent communications with shareholders, investors, analysts and the media for TEE Group. Ms. Ooi has many years of experience in the financial 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. In addition to her investor relations' role, Ms. Ooi also assists the Group Business Development Director in executing TEE's local and overseas business development strategies.

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

INVESTOR RELATIONS

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

INVESTOR RELATIONS POLICY

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

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

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

CORPORATE GOVERNANCE

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

ENGAGING STAKEHOLDERS

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

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.

INVESTORS, SHAREHOLDERS AND MEDIA CONTACT

Ms. Celine Ooi
Senior Manager, Investor Relations and Business Development
Tel: 65 6697 6589
Email: IR@teeintl.com

IR Calendar	
2017	
Jan	Announcement of FY2017 Half-Year Results
Apr	Announcement of FY2017 Third Quarter Results
May	Financial Year End
Jul	Announcement of FY2017 Full-Year Results
Oct	Announcement of FY2018 First Quarter Results
Nov	17th Annual General Meeting
2018	
Jan	Announcement of FY2018 Half-Year Results
Apr	Announcement of FY2018 Third Quarter Results
May	Financial Year End
Jul	Announcement of FY2018 Full-Year Results
Sep	18th Annual General Meeting
Oct	Announcement of FY2019 First Quarter Results

SUSTAINABILITY HIGHLIGHTS

BUILDING SUSTAINABLE VALUES

Sustainability is an integral part of the TEE Group's business philosophy. Great emphasis is placed on adopting the best sustainability practices throughout the organisation, as illustrated through how projects are responsibly secured, managed and delivered while building strong relationships with our various stakeholders – our suppliers, business associates, customers and communities. With our core values integrated in our project management, financial management, human resources and business development processes, our business has been able to grow sustainably. As a Group, we endeavour to make a social impact and contribute positively to our employees and the greater community.

HUMAN CAPITAL

EMRBACING DIVERSITY

TEE Group embraces diversity akin to Singapore which is a melting pot of culture. Our workforce encompasses employees of both genders from various cultures and backgrounds. We ensure that there is no discrimination in our employment and career advancement practices, illustrated through the various qualifications, nationalities and ages of our employees.

Though most of our employees fall under the category of "Less than 5 years of service", more than 30% of employees have been with us for more than 5 years, which illustrates a moderate turnover rate. We continuously strive to further improve talent retention through fair remuneration and opportunities for employees to improve themselves.

Given the diverse workforce, it is imperative that our employees stay united. This is achieved through TEE Group's prevailing cohesive and inclusive work environment that does not tolerate discrimination, which in turn creates an enjoyable working experience for employees. As such, we will ensure the maintenance of such a working environment that embraces cultural diversity.

WORKFORCE COMPOSITION

43

Average Age

Singaporean, Malaysian, Myanmar, Thai, Filipino, Chinese, Indian, Bangladeshi

Nationalities

SUSTAINABILITY HIGHLIGHTS

SINGAPORE

215 Less than 5 years

82 5 to 10 years

51 More than 10 years

120 Degree & above

41 Diploma & equivalent

40 Secondary & below

147 Skill Certificates

OVERSEAS

(Malaysia, Thailand, Hong Kong and New Zealand)

84 Less than 5 years

9 5 to 10 years

4 More than 10 years

41 Degree & above

20 Diploma & equivalent

35 Secondary & below

1 Skill Certificates

EMPLOYEE DEVELOPMENT

TEE Group endeavours to develop employees to reach their fullest potential, which in turn maximises productivity for our business success. This is materialised through a comprehensive approach comprising consistent operational reviews, ongoing workforce training and the implementation of best practices guided by competencies development plans, training programmes, learning strategies seminars and culture alignment talks.

	SG	M'SIA	THAI	HK	NZ	TOTAL
FEMALE						
Board of Directors - Executive	1	0	0	0	0	1
Key Executive	4	2	1	0	0	7
Senior Management	4	1	2	0	0	7
Junior & Middle Management	12	2	1	0	0	15
Administrative & Clerical	29	6	7	1	0	43
Site Operations	19	1	2	0	0	22
Non Traditional Source/Skilled Workers	0	0	1	0	0	1
Total	69	12	14	1	0	96
MALE						
Board of Directors - Executive	3	0	0	0	0	3
Key Executive	8	1	0	1	1	11
Senior Management	8	3	1	2	0	14
Junior & Middle Management	37	6	3	0	0	46
Administrative & Clerical	7	4	6	0	0	17
Site Operations	74	13	6	2	0	95
Non Traditional Source/Skilled Workers	142	0	21	0	0	163
Total	279	27	37	5	1	349
Grand Total	348	39	51	6	1	445


Mother's Day Lunch


Christmas Celebration


Labour Day Lunch


Safety Briefing


Team Building


Emerging Leaders

TEE Group takes pride in having an inclusive and comprehensive review system in place. Every employee in TEE Group received 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. The said courses range from financial reporting and risk management to leadership programmes, as well as construction supervision and machinery and technical skills courses.

In the past year, TEE Group dedicated a total of approximately 5,306 training hours to identify, align and enhance the skills of our employees at all levels in all positions. The lower number of training hours was mainly due to the downward adjustment of headcount, in particular lower number of workers, recorded during the year under review. In addition, some of the training courses that our employees attended last year only require a refresher course once every few years. A key improvement from the previous year is that we have narrowed the gap between the average number of training hours during the year under review for female and male employees. We will continue conducting various training and development programmes to keep our employees in the best condition.

TEE's Emerging Leaders

To lay the foundation for long-term growth, it is key for leadership renewal that are built into the development of human capital as a whole. This involves defining key leadership positions and requirements, identifying high-potential candidates, assessing each candidate's readiness for new leadership roles and providing training & development to fill the gaps where necessary. These high-potential candidates who have been with TEE for more than 10 years, are identified as TEE's Emerging Leaders. In FY2017, a dialogue for TEE's Emerging Leader was organised to encourage each emerging leader to share their aspirations for TEE Group, and also put strategic ideas into a greater perspective.

SUSTAINABILITY HIGHLIGHTS

HEALTH AND WELLNESS OF EMPLOYEES

TEE Group places an emphasis on a healthy lifestyle with good work-life balance as the well-being of our employees remains as one of our top priorities. In addition, regular team bonding activities are organised for employees to mingle with others away from any formal corporate structure whom they do not usually interact with during work. This not only promotes a friendlier working environment but also foster a stronger team spirit.

During the past year, many health awareness initiatives were carried out. Aside from our annual health screening drive which was held in TEE Building, a mini bazaar cum health talk on pain management and group insurance communication session were organised to allow employees to gather more information on health matters. As health comprises healthy eating as well, healthy cooking class was held where employees learnt how to make wholesome bento set boxes and fruits are given out to all employees every Friday.

On top of the aforementioned health-related activities, the annual TEE Group Bowling Tournament 2017 and TEE Metaphor Games were held, where employees played a variety of team games. Employees are also encouraged to attend KpopX mass exercise sessions at IMM Shopping Mall every Tuesday. In addition, as part of TEE Group's strong running culture, weekly runs are organised and employees are sponsored for local and overseas running events.

To promote work-life balance, employees are encouraged to leave the office at 5pm in the bid to spend more time their families and friends on the last Friday of every month. In line with this, "Eat with Your Family Day" was held in May 2017, in which employees were encouraged to share photos of them having dinner with their families. The TEE Kids Run and Treasure Hunt was organised in October 2016 in conjunction with the Children's Day celebration and saw many employees bringing their kids to participate in the planned activities.

To enhance the level of communications throughout the organisation, a HR staff newsletter is circulated on a quarterly basis to keep all employees updated on events and corporate developments. Being kept up-to-date fosters a sense of closeness between the employees and the TEE Group, which in turn spurs their motivation to help the company perform better.

With well-rounded initiatives, TEE Group believes that a contented, healthy and motivated workforce will remain dedicated and contribute positively to the company.

TEE Group Dinner & Dance

TEE Group Dinner & Dance

TEE Bowling Event

Marathon in Hong Kong


Villa Francis Visit - Chinese New Year


Durian Party at Villa Francis

COMMUNITY AND SOCIETY

Corporate Social Responsibility is instilled within our core values and philosophy as we strive to have a positive impact on the community. TEE Group is dedicated to being a model corporate citizen who positively contributes to the community. We encourage the spirit of volunteerism and actively involve all our employees in the regular community work that we organise. Our CSR Committee plans and organises events and activities as part of the community services for charity bodies. Our adopted charity is Villa Francis Home for the Aged ("VF") where we have been actively served our community hours at annually. Aside from that, we participate in other community events as well.

Date	Events
Aug 16	Durian Party at Villa Francis
Sep 16	Litter picking and Mozzie wipe out at Blk 783 Yishun Ring Road, Pavilion
Jan 17	Carnival at Villa Francis
Apr 17	Catholic Welfare Servies Walkathon

OCCUPATIONAL SAFETY & HEALTH

TEE Group prioritises the safety and health of every employee in the Group with the firm belief that the maintenance of the health and safety of our employees, contractors and the general public is a key business driver for our continual success.

We operate within a Quality, Environmental, Health and Safety Management framework. Under this framework, our wholly-own subsidiaries, Trans Equatorial Engineering Pte Ltd and PBT Engineering Pte Ltd have been awarded the OHSAS 18001:2007 certification for our compliance with the highest standards of workplace safety and health, as well as the ISO 9001: 2008.

TEE Group's safety and health risk practices are regularly reviewed and implementation is strictly supervised in order to reduce any potential risk of accident at the construction work sites. Safety trainings or briefings conducted at the respective sites by safety officers and supervisors on top of regulatory or enhancement courses. 31 personnel – 24 internal auditors, 5 safety officers and 2 WSH coordinators- are involved in formal joint management-worker health and safety committees to help monitor and advise on occupational health and safety programmes.

Even with our accolades and enforced practices, we remain vigilant in maintaining necessary health and safety regulations. The bizSAFE star certification attests to the high workplace healthy and safety standards TEE Group has implemented in all its business operations.

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

SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL AWARENESS

As a leading engineering, real estate and infrastructure corporation, TEE Group is well-aware of our impact on the environment and have thus implemented initiatives to protect and sustain the environment. We take pride in conducting our business compliantly with environmental laws. Strongly endorsing environmental protection and stewardship, employees are kept aware of environmentally-friendly measures and are encouraged to apply their knowledge in their work.

Litter Picking at Nee Soon

To foster greater awareness and responsibility, posters are placed besides power switches to encourage energy saving and in strategic locations to encourage recycling. Reminder emails are regularly sent out to all employees to be "green". In our determination to further promote and strengthen green practices within the TEE Group, we have set up our own "Go Green Committee" as we work towards our goal of providing a pollution-free conducive working environment that complies with applicable environmental standards and other requirements.

With regards to the work we have done, TEE Group has been awarded the Environmental Management Systems ISO 14001:2004 certification, and we aspire to be a leader among other engineering companies in taking up the responsibility to reduce the adverse impact engineering and construction works have on the environment and eco-system. In addition, our wholly-owned subsidiary PBT Engineering Pte Ltd has been awarded the BCA Green and Gracious Builder Award for our efforts in promoting environmental protection and showcasing gracious practices during all phases of construction projects.

RISK MANAGEMENT

We readily embrace the Enterprise Risk Management ("ERM") Framework, which is of great importance since risk management is a key element of TEE Group's business planning and day-to-day operations. The ERM Framework, which is in line with ISO 31000, a standard on risk management with guidelines and recommended best practices, consists of five inter-related components – i) Risk Strategy and Policy ii) Risk Management Process iii) Organisation Structure iv) Culture and People v) Technology and Tools.

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

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

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

Guideline 1.3: Delegation of Authority by the Board

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

CORPORATE GOVERNANCE REPORT

Guideline 1.4: Meetings of the Board

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

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

The details of the frequency of Board and Board Committee meetings held during the financial year ended 31 May 2017 (**"FY2017"**) and the attendance of every Board member at the meetings are set out 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. Bertie Cheng Shao Shiong	4	4	-	-	-	-	-	-
Mr. Tan Boen Eng[2]	1	1	-	-	-	-	-	-
Mr. Lee Ah Fong	4	4	4	4	1	1	2	2
Mr. Gn Hiang Meng	4	4	4	4	1	1	2	2
Mr. Aric Loh Siang Khee	4	4	4	4	-	-	2	2
Mr. Phua Chian Kin	4	4	-	4[1]	1	1	-	2[1]
Mr. Phua Boon Kin	4	4	-	2[1]	-	-	-	1[1]
Ms. Saw Chin Choo	4	4	-	-	-	-	-	-

Notes:
* Number of meetings held during the FY2017.
1 By Invitation
2 Mr. Tan Boen Eng retired as an Independent Director at the last AGM on 27 September 2016.

Guideline 1.5: Internal Guidelines for Matters Requiring Board Approval

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

Guidelines 1.6 and 1.7: Directors' Orientation and Training

Upon appointment as a director, each director receives a formal letter of appointment from the Company and will also be provided with the relevant information on his/her duties and responsibilities as a director, the Company's corporate governance processes as well as relevant statutory and regulatory compliance issues. Orientation courses and educational programs will be organised for each new director to ensure that the incoming director is familiar with the Group's key business and governance practices. There was no new director appointed during FY2017.

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

CORPORATE GOVERNANCE REPORT

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

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

During FY2017, the directors collectively attended programmes, seminars, briefings and update sessions, such as the core professional development programmes organised by SID with collaboration with ACRA and SGX for Audit Committee on Rising Above Complexities; by SID with collaboration with other institutes on Directors' Conference 2016-Digital Disruption, Improving Financial Savviness for Directors, Corporate Governance Roundup 2016 and Remuneration Committee Essentials; and by other institutions such as seminars on The Paradox of Risk for Growth Companies, Business Future Series (BFS) 1 – Disruptive Technologies for Directors, Requirement for Environment Sustainability in Buildings & the Green Mark Scheme, and Think Big Leadership Business Series 2017 on Transformation Now. Apart from attending courses organised or conducted by SID and other institutes, the directors have also attended various programmes such as in-house training conducted by the Company or conducted by other professional or consultancy firms include topics on Moving from Managing to Leading and et cetera. Attendances to such training session help enhance the performance of the directors in their duties.

Board Composition and Guidance

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

Guidelines 2.1 and 2.2: Board Independence

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

The composition of the Board is as follows:

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

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

CORPORATE GOVERNANCE REPORT

Guidelines 2.5 and 2.6: Board Competency

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

The Board is made up of a team of high calibre leaders whose extensive experience, knowledge and expertise combine will contribute to the effective decision-making and direction for the Group. 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 profiles of the directors are set out in the "Board of Directors" section on pages 14 to 15 in this Annual Report. The composition of the Board enables the Company's management to benefit from the objective perspective on issues brought before the Board. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations.

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

Guidelines 2.7 and 2.8: Role of Non-Executive Directors

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

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

The NC reviews the independence of each independent director on an annual basis by taking into consideration the Code's definition of an independent director as well as the relationships which would deem an independent director not to be independent. As a result of the NC's review of the independence of each independent director for FY2017, the NC is of the view that the independent directors of the Company are independent and that no individual or small group of individuals dominate the Board's decision-making process. The Board has determined after taking into account the views of the NC that each independent director, namely Mr. Bertie Cheng Shao Shiong, Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect the directors' judgement.

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

Taking into consideration that Mr. Bertie Cheng Shao Shiong has served on the Board for more than nine years, the NC has conducted a rigorous review of his independence and has determined that he has maintained his independence in accordance with the Code and has contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Company. Mr. Bertie Cheng's independence and objective leadership of the Board, his depth of experiences and skills, makes him an invaluable member of the Board. The Board concurred with the views of the NC and is satisfied with the performance and independence of judgement of Mr. Cheng.

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

CORPORATE GOVERNANCE REPORT

Role of Chairman and Group Chief Executive & Managing Director

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

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

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

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

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

Mr. Phua Boon Kin, the Deputy Group Managing Director and Managing Director of the Group's Engineering business (**"Deputy Group MD"**) assists the GCE & MD in the corporate affairs, including overall financial performance, internal controls and risk management of the Group's business in various business units.

In order to assist the GCE & MD, an EXCO has been established. The GCE & MD is the Chairman of the EXCO. More details on the EXCO can be found on page 42.

BOARD COMMITTEES

NOMINATING COMMITTEE

Board Membership

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

Guideline 4.1: Composition of the NC

The NC comprises two independent directors and an executive director as follows:

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

Executive Director
Mr. Phua Chian Kin

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

CORPORATE GOVERNANCE REPORT

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

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

In addition, the NC also performs the following functions:

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

Process for Selection and Appointment of New Directors:

- The NC reviews the needs of the Board by taking into account the scope and nature of the operations of the Group;
- Based on the results of the Board Performance Evaluation which are completed by the Board annually, the NC is able to evaluate whether the composition and size of the Board 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
- The most suitable candidate is subsequently appointed to the Board.

Retirement and Re-election of Directors

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

The NC has recommended the nomination of directors retiring by rotation under Article 89 of the Company's Constitution, namely Ms. Saw Chin Choo and Mr. Gn Hiang Meng for re-election at the forthcoming AGM which has been scheduled to be held on 13 November 2017 (**"2017 AGM"**). Both Ms. Saw and Mr. Gn, being eligible for re-election, have offered themselves for re-election. Mr. Gn will, upon re-election as a director of the Company, remain as the Chairman of the AC and NC and a member of RC and EXCO. Each member of the Board and NC abstains from any discussion and decision in respect of his/her own re-nomination as director.

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

Name of Director	Age	Position	Date of Initial Appointment	Date of last Re- appointment / Re-election
Mr. Bertie Cheng Shao Shiong	80	Independent Director	5 March 2001	27 September 2016
Mr. Lee Ah Fong	71	Independent Director	1 March 2011	27 September 2016
Mr. Gn Hiang Meng	69	Independent Director	1 June 2013	29 September 2015
Mr Aric Loh Siang Khee	53	Independent Director	1 August 2014	27 September 2016
Mr. Phua Chian Kin	58	Executive Director	15 August 2000	Not applicable
Mr. Phua Boon Kin	55	Executive Director	1 September 2008	29 September 2015
Ms. Saw Chin Choo	55	Executive Director	10 September 2004	30 September 2014

Succession Plan for the Board and Key Management

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

Guideline 4.4: Review of Directors with Multiple Board Representations

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

Policy on External Appointments

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

Board Performance

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

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

In the process of assessing the effectiveness of the Board, the contribution of individual directors plays an important role. In reviewing the re-election as well as re-appointment of any director, a formal process is established by performing an evaluation on the performance of the directors annually. Assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The NC has also conducted a Board Performance Evaluation exercise to assess the effectiveness of the Board and Board Committees for FY2017. The results of the annual assessment shown that the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board are consistently good.

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

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

Access to Information

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

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

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

CORPORATE GOVERNANCE REPORT

The GCE & MD also updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

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

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

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

Guideline 6.5: Ability to take Independent Professional Advice

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure on Remuneration

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

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

The RC comprises three independent directors as follows:

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

CORPORATE GOVERNANCE REPORT

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

The responsibilities of the RC are as follows:

- Recommend a framework for remunerating the Board, both executive and non-executive directors and key management;
- Review all matters relating to remuneration of the Board and key management; and
- Administers the TEE International Employee Share Option Scheme 2016 (**"TEE ESOS 2016"**) and the TEE International Performance Share Plan 2016 (**"TEE PSP 2016"**).

Guideline 9.6: Disclosure on Link between Performance and Remuneration

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component payouts depend on both the staff's individual performance and each company's performance within the Group.

The variable component payouts of the executive directors and key management were assessed based on meeting the pre-determined key performance indicators (KPI) or service conditions and involvement of the personnel in the assignment or project as well as their roles and responsibilities over the performance period.

In setting remuneration packages, currently the Group also takes into account of the remuneration and employment conditions within the same industry and in comparable companies.

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

The long-term incentives comprising the TEE ESOS 2016 and TEE PSP 2016 (collectively, the **"Schemes"**), which 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 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.

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 FY2017.

Guideline 8.3: Remuneration of Non-Executive Directors

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

CORPORATE GOVERNANCE REPORT

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

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

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

The Company does not use any contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors 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 executive directors' of the Company have the provisions which allow the Company to defer part of the performance incentive bonus of the executive directors for the relevant financial year and payable, subject to there being no losses incurred in the next two consecutive financial years.

The RC did not require the services of an external remuneration consultant during FY2017. Nevertheless, the RC will seek advice from external consultant should such need arise in the future.

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

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

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

The breakdown of the level and mix of remuneration paid or payable to each director of the Company (in percentage terms) for FY2017 is set out below:

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Directors' Fees %[1]	Attendance Fees %[1]	Salaries %[2]	Bonuses %[2]
S$750,000 to below S$1,000,000				
Mr. Phua Chian Kin	1.8	1.0	49.7	47.5
S$250,000 to below S$500,000				
Mr. Phua Boon Kin[3]	2.2	1.5	67.9	28.4
Ms. Saw Chin Choo	2.5	1.2	68.2	28.1
Below S$100,000				
Mr. Bertie Cheng Shao Shiong	94.1	5.9	-	-
Mr. Tan Boen Eng	84.6	15.4	-	-
Mr. Lee Ah Fong	89.3	10.7	-	-
Mr. Gn Hiang Meng	89.8	10.2	-	-
Mr. Aric Loh Siang Khee	88.5	11.5	-	-

Notes:

1 Mr. Bertie Cheng Shao Shiong, Mr Tan Boen Eng (retired at the last AGM held on 27 September 2016), Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee were paid S$64,000, S$11,000, S$75,000, S$79,500 and S$54,000 respectively for FY2017. Mr. Phua Chian Kin was paid S$17,250, Mr. Phua Boon Kin and Ms. Saw Chin Choo were paid S$10,500 each for FY2017.

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

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

Guideline 9.3: Disclosure of Key Executives' Remuneration

Due to competitiveness and commercially sensitive reasons, the Company is not disclosing the names and remuneration of each of the key management (who are not directors or CEO of the Company). The Company believes that the disclosure may be prejudicial to its business interests given that it is operating in highly competitive business environments. Hence, the Company is only disclosing the remuneration of its top five (5) key management, in bands of S$250,000 as follows:

Remuneration Band	Salaries %[1]	Bonuses %[1]
S$250,000 to below S$500,000		
5 Key Management	81.3%	18.7%
Total Remuneration	S$1,407,558	

Note:

1 The salaries (include attendance fees at Board and/or Board Committees' meetings) and bonuses shown are inclusive of Singapore Central Provident Fund Contributions.

Guideline 9.4: Remuneration of Employees Related to Directors or CEO

With the exception of Mr. Phua Chian Kin, Mr. Phua Boon Kin and Mr. Phua Cher Chew, there were no employees of the Group who are family members of a director or the GCE & MD of the Company, and whose remuneration exceeded S$50,000 during FY2017. Mr. Phua Boon Kin, Deputy Group MD, is the younger brother of Mr. Phua Chian Kin, GCE & MD. Mr. Phua Cher Chew, Executive Director and Chief Executive Officer of TEE Land Limited, is the nephew of Mr. Phua Chian Kin and Mr. Phua Boon Kin.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

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

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

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

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

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

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

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

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

The Audit Committee (**"AC"**) also reviewed reports submitted by the internal and external auditors relating to the effectiveness of the Group's internal controls including the adequacy and effectiveness of the Group's financial, human resources, operational, compliance and relevant communications as parts of their audits for FY2017.

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

Based on the framework of risk management and internal controls established and maintained, the work performed by the Business Control and Risk department, internal and external auditors, and the reviews performed by the Company's management and the above assurance from the GCE & MD and Deputy Group 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 FY2017. The Company has complied with Rule 1207(10) of the Listing Manual of SGX-ST.

Guideline 11.4: Risk Committee

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

CORPORATE GOVERNANCE REPORT

Audit Committee

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

Guidelines 12.1 and 12.2: Composition of the AC

The AC consists of three independent directors as follows:

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

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

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

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

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

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

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

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

The duties of AC include the following:

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

CORPORATE GOVERNANCE REPORT

- Review any interested person transactions and ensure that each transaction has been conducted on an arm's length basis;
- Review any potential conflicts of interest; and
- Consider other matters as defined by the Board.

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

It is noted that different auditors have been appointed for some of the local and overseas subsidiaries and associates. The names of the auditing firms are disclosed in Notes 17 and 18 of the Notes to Financial Statements in the Annual Report. To comply with Rule 716 of the Listing Manual of the SGX-ST, this matter has been reviewed by the AC and the Board. The AC and the Board have satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

Guideline 12.6: Review of Independence of External Auditor

Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditor, Deloitte & Touche LLP (**"D&T"**), the amount of audit and non-audit fees payable to D&T are disclosed in Note 44 of the Notes to Financial Statements in the Annual Report. The AC was satisfied that the nature and extent of such services provided will not prejudice the independence and objectivity of the external auditor, the AC has recommended their re-appointment to the Board for shareholders' approval at the 2017 AGM.

Guideline 12.7: Whistle-Blowing Policy

The AC has set up a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy are made available to all employees at the Company's corporate website at http://www.teeintl.com. All whistle-blower complaints would be reviewed by the AC at its quarterly meetings to ensure thorough investigation and adequate follow-up. On an on-going basis to bring awareness of this policy, the whistle-blowing policy is covered during staff's training or periodic communication to all staff. In addition, new staff who joined the Company will also be briefed of the policy. There were no whistle-blowing letters received during FY2017 and until the date of this Annual Report.

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

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

Internal Audit

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

Guidelines 13.1, 13.2, 13.3 and 13.4: Independence and Adequacy of Internal Audit Function and Internal Audit Standards

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

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

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

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

CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

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

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

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

Disclosure of the information by the Company is made on a timely basis through communication channels such as corporate announcements through the SGXNet, the publication of the Annual Report and the holding of the general meetings. All material information is also updated on the Company's corporate website at http://www.teeintl.com, which serves as a one-stop source for shareholders and stakeholders alike. The retail and institutional investors may subscribe to TEE International's email alert service, which will allow the subscribers to automatically 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.

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

The Company has taken steps to solicit and understand the views of the shareholders by proactively engaging shareholders and investors through face to face meetings, email communication and webpage. The Company meets its retail and institutional investors regularly at least (4) four times, once every quarter, within each financial year and at other times as appropriate, after the release of its Group's financial results.

The Company had recently worked with the Securities Investors Association (Singapore) ("**SIAS**") to organise a SIAS dialogue session in relation to the recent Company's corporate exercise on Privatisation - Scheme of Arrangement.

The Company does not practice selective disclosure of material information. All materials on the quarterly and full-year financial statements, corporate announcements and shareholder reports are issued promptly and within the prescribed periods. Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. The notice of general meetings are also published in a major local newspaper and announced via SGXNet to the shareholders. The Annual Report is also available to all shareholders on the Company's corporate website or upon request. The Group has an IR department that manages communications with all stakeholders and to attend to or ensure their queries and concerns are promptly addressed by the relevant key management.

Guideline 15.5: Dividend Policy

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

The Company had declared and paid an interim dividend during FY2017. No final dividend has been proposed by the Board in view of the Company's FY2017 financial performance.

CORPORATE GOVERNANCE REPORT

Conduct of shareholder meetings

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

Guidelines 16.1 and 16.2: Greater Shareholder Participation and Separate Resolutions

With a view to encourage greater shareholders' participation at AGMs or other general meetings, the Company generally holds it AGMs and other general meetings at centrally located venues or sometimes at country clubs that are easily accessible via public transport.

The Group 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. Separate resolutions on each distinct issue are proposed at the general meetings of the Company for approval to avoid "bundling" of resolutions as recommended by the Code.

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

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

Guideline 16.4: Minutes of General Meetings

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

Guideline 16.5: Voting by Poll

Pursuant to the Company's Constitution, a poll may be demanded by the Chairman of the general meeting or by at least two (2) members or any member present in person or by proxy representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting. For greater transparency 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.

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 month before the announcement of the Company's full-year results and ending on the day of the announcement, or when they are in possession of unpublished price-sensitive information on the Group.

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

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

The guidelines on share buy-back mandate to be renewed at the Company's forthcoming AGM also provides that the Company will not repurchase or acquire any share through on-market share purchases during the period commencing two (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 FY2017.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS

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

The aggregate values of all interested person transactions during the financial year (excluding transactions less than S$100,000) in FY2017 are as follows:

Name of interested person	Nature of Transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000	Remarks
PBT Automobile & Credit Pte. Ltd.	Rental of vehicles	236	-	Company with common shareholder and director

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

USE OF PROCEEDS ARISING FROM EXERCISE OF BONUS WARRANTS

During FY2017, a total of 406 warrants were exercised and converted to 406 ordinary shares at the exercise price of S$0.25 per warrant. The Company intends to utilise the net proceeds from the issue of shares arising from exercise of warrants for general corporate purposes.

A total of 186,385,278 outstanding bonus warrants issued on 2 June 2014 have expired on 26 May 2017.

To date 10,197,318 warrants were converted to ordinary shares at the exercise price of S$0.25 per warrant. Approximately S$2,550,000 of the proceeds arising from the exercise of warrants was used for share capital increase of its engineering subsidiary, Trans Equatorial Engineering Pte Ltd, in August 2015.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

The EXCO comprises an executive director and two independent directors as follows:

Executive Director
Mr. Phua Chian Kin (Chairman)

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

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

The details of the frequency of the EXCO meetings held during FY2017 and the attendance of the EXCO members and the invitees are set out below:

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

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

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	(i) For the financial year, there is no appointment of new directors, however, the Group does have the nomination procedures in place for assessing or selection and appointment of new directors as set out in page 30 of this Annual Report; and (ii) The nomination process for the Company in the last financial year for re-electing incumbent directors includes : • the director's contribution and performance including, if applicable, as an independent director; • ensure that, where the director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties; • assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs; and • being eligible for re-election, have offered themselves for re- election.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(a) Yes. Orientation courses and educational programs will be organised for each new Director to ensure that the incoming Director is familiar with the Group's key business and governance practices. (b) The types of information and training provided to (i) new directors, are as set out in page 26 of this Annual Report; and (ii) existing directors to keep them up-to-date, are as set out in page 27 of this Annual Report.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	(a) No maximum number has been determined. (b) The reasons are as set out in page 31 of this Annual Report. (c) Assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The Board also ensures that the appointed directors possess core competencies like business experience, knowledge of accounting, audit, tax, finance, legal and background understanding of the industry.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) The processes are as set out in page 31 of this Annual Report. (b) Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board comprises seven directors, of whom four are independent directors. More than half of the Board is made up of independent directors and this composition is in compliance with the Code's requirement that at least one-third of the Board should be made up of independent directors.

CORPORATE GOVERNANCE REPORT

Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	The name of independent director who served on the Board for more than nine years and the Board's reasons for considering him independent are set out in page 28 of this Annual Report.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Due to competitiveness and commercially sensitive reasons, the Company is not disclosing the remuneration of each individual director. However, the Company shall adopt the disclosure of the directors' remuneration in bands of S$250,000, which in the Company's context would provide an informative and good overview of the remuneration of the directors. The Board is of the opinion that the Company's compensation policies are commercially sensitive information and full disclosure is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool. The long-term incentives comprising the TEE ESOS 2016 and TEE PSP 2016 (collectively, the "Schemes"), which were adopted at the extraordinary general meeting of the Company held on 27 September 2016. No options or awards were granted under the Schemes during the financial year.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Due to competitiveness and commercially sensitive reasons, the Company is not disclosing the names and remuneration of each of the key management (who are not directors or CEO of the Company). The Company believes that the disclosure may be prejudicial to its business interests given that it is operating in highly competitive business environments. Hence, the Company is only disclosing the remuneration of its top five (5) key management, in bands of S$250,000, as well as a breakdown (in percentage terms) into base/fixed salary, variable or performance-related income/bonuses. No options or awards were granted under the Schemes during the financial year. (b) For FY2017, the aggregate remuneration paid to the top five key management is S$1,407,558.

CORPORATE GOVERNANCE REPORT

Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Details on employees who are immediate family member of a director or the CEO of the Company and whose remunerations exceeds S$50,000 during the year are as set out in page 35 of this Annual Report.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component payouts depend on both the staff's individual performance and each company's performance within the Group. (b) The variable component payouts of the executive directors and key management were assessed based on meeting the pre-determined key performance indicators (KPI) or service conditions and involvement of the personnel in the assignment or project as well as their roles and responsibilities over the performance period. (c) Yes.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The details on adequacy of information provided to the Board are as set out in pages 31 and 32 of this Annual Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes, the Company has appointed Protiviti Pte. Ltd. (the "**IA**") to provide internal audit services within the Group for selected audits which are not audited internally by the Group's Business Control and Risk department ("**BCR**").
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal ontrol systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) The Group has adopted the Enterprise Risk Management ("**ERM**") Framework which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The framework is reviewed regularly taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of Group over a short-medium term are summarised in the Group Risks Register, and are being ranked according to their likelihood and consequential impact to the Group as a whole. On a half-yearly basis, Management reports to the Board on the Group's risk profile, evaluates results and counters measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned. The AC also reviewed reports submitted by the internal and external auditors relating to the effectiveness of the Group's internal controls including the adequacy and effectiveness of the Group's financial, human resources, operational, compliance and relevant communications as parts of their audits for FY2017. The Board has also received assurance from the GCE & MD and Deputy Group CFO : (i) that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) that the Group's risk management and internal control systems are in place and effective. (b) Yes.

CORPORATE GOVERNANCE REPORT

Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(a) The amount of audit and non-audit fees payable to external auditors, Deloitte & Touche LLP ("**D&T**") are disclosed in Note 44 of the Notes to Financial Statements in the Annual Report. (b) Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditor, D&T, the AC was satisfied that the nature and extent of such services provided will not prejudice the independence and objectivity of the external auditor.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(a) Yes. The Company has taken steps to solicit and understand the views of the shareholders by proactively engaging shareholders and investors through face to face meetings, email communication and webpage. The Company meets its retail and institutional investors regularly at least (4) four times, once every quarter, within each financial year and at other times as appropriate, after the release of its Group's financial results. (b) Yes, a dedicated IR is available to facilitate investors' communication with the Company. An e-mail account maintained by IR is available at the Company's corporate website. (c) All material information is also updated on the Company's corporate website at http://www.teeintl.com, which serves as a one-stop source for shareholders and stakeholders. They may also subscribe to TEE International's email alert service, which will allow the subscribers to automatically receive all announcements or press releases that have been released by the Company via SGXNet.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended May 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 60 to 143 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at May 31, 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

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

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	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 June 21, 2017**	**At beginning of year**	**At end of year**	**At June 21, 2017**
The Company				**Ordinary shares**		
Mr. Bertie Cheng Shao Shiong	7,500,000	7,500,000	7,500,000	3,900,000	3,900,000	3,900,000
Mr. Phua Chian Kin	280,568,756	282,054,456	282,054,456	17,423,004	17,423,004	17,423,004
Mr. Phua Boon Kin	105,172	105,172	105,172	-	-	-
Ms. Saw Chin Choo	1,390,000	1,390,000	1,390,000	3,312	3,312	3,312

DIRECTORS' STATEMENT

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

	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 June 21, 2017**	**At beginning of year**	**At end of year**	**At June 21, 2017**
A subsidiary, TEE Land Limited			**Ordinary shares**			
Mr. Bertie Cheng Shao Shiong	500,000	500,000	500,000	260,000	260,000	260,000
Mr. Lee Ah Fong	37,000	37,000	37,000	-	-	-
Mr. Phua Chian Kin	21,970,593	23,491,793	23,491,793	283,760,210	283,939,210	283,939,210
Mr. Phua Boon Kin	7,011	7,011	7,011	93,000	93,000	93,000
Ms. Saw Chin Choo	318,000	368,000	368,000	220	220	220
The Company	**Warrants to subscribe for ordinary shares at the exercise price of $0.25 each ***					
Mr. Bertie Cheng Shao Shiong	4,420,000	-	-	-	-	-
Mr. Phua Chian Kin	96,109,262	-	-	6,400,505	-	-
Mr. Phua Boon Kin	68	-	-	-	-	-
Ms. Saw Chin Choo	451,365	-	-	1,324	-	-

** The above mentioned warrants had expired on May 26, 2017.*

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

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

Date of issue	At beginning of year	Exercised during the year	Expired during the year	At end of year
Warrants over ordinary shares				
June 2, 2014	186,385,684	(406)	(186,385,278)	-

(b) *Options exercised*

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

(c) *Unissued shares under options*

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

5 AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

(h) reviewed interested person transactions; and

(i) reviewed any potential conflict of interest.

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

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
October 19, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of TEE International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at May 31, 2017, 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 and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 143.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at May 31, 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Key Audit Matters	How the matter was addressed in the audit

Revenue recognition

Key Audit Matters

The Group is involved in both construction contracts and construction of development properties. The Group uses the percentage of completion method to account for:

(i) contract revenue in accordance with FRS 11 *Construction Contract;* and

(ii) qualifying development properties in accordance with INT FRS 115 *Agreements for the construction of Real Estate and Accompanying Note on Application of INT FRS 115 in Singapore, as applicable.*

The stage of completion is measured by reference to the estimated total costs incurred to date as compared to the total budgeted costs of the construction contract or development property projects as approved by management.

The Group recognised $231.5 million of revenue from both construction contracts and sale of development properties recognised on the percentage of completion basis for the year ended May 31, 2017.

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.

Additional claims and variation orders are 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.

How the matter was addressed in the audit

We have performed the procedures below in relation to revenue recognition from construction contracts. We have also discussed with the component auditors to understand the nature, extent and timing of procedures performed on construction of development properties. We have reviewed the work performed which includes the following procedures:

- obtained an understanding of the key controls and processes that management has in place in respect of budgeting and revenue recognition from construction contracts and construction of development properties;
- obtained an understanding of the significant projects under construction through discussion with management and project directors, and examined related documentation (including contracts, correspondences with customers on delays and extension of time);
- assessed the reasonableness of the total budgeted costs for individual significant projects prepared by management. Reviewed the appropriateness of inputs, amongst others, contractors or sub-contractors costs, materials, labour costs, variation works, expected finance costs and other construction costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs;
- assessed the robustness of the budgets from our understanding of the projects and comparing the budgeted profit margins to the actual profit margins achieved for completed projects during the financial year and subsequent to year end;
- verified the costs incurred during the financial year against underlying documents, such as quotations or contracts entered;
- in relation to total contract revenue for construction projects, verified total contract sum to contracts entered with the customers and additional claims and variation orders recognised to supporting documents;
- in relation to development properties revenue, reviewed the sales and purchase agreement with the buyer and verified the sales value; and
- re-computed the arithmetic accuracy of the revenue, cost and profit recognised based on the percentage of completion for significant projects.

The accounting policies for revenue recognition are set out in Note 2 to the financial statements and further information related to the different revenue streams of the Group have been disclosed in Note 39 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Key Audit Matters	How the matter was addressed in the audit
Valuation of development properties and completed properties and land held for sale	
As at May 31, 2017, the carrying amount of the Group's development properties and completed properties and land held for sale amounted to $144.0 million and $47.0 million respectively. The development properties, completed properties and land held for sale are stated at the lower of cost and net realisable values, assessed on an individual property basis. The determination of the estimated net realisable value of these development properties is dependent upon the Group's expectations of future selling prices. Total development costs and associated selling expenses for the respective projects are estimated for each of these properties and compared with the estimated net realisable values to estimate the write down, where applicable. Weakening market conditions and slow take up rate of a property may impact and create downward pressure on the prices of these properties. There is, therefore, a risk that the estimates of net realisable values may exceed future selling prices, resulting in losses when properties are sold.	We have discussed with the component auditors to understand the nature, extent and timing of procedures performed on valuation of development properties and completed properties and land held for sale. We have reviewed the work performed which includes the following procedures: • obtained an understanding of the key controls and processes that management has in place in respect of valuation of development properties and completed properties and land held for sale; • evaluated the reasonableness of the Group's 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 valuers; • obtained the external valuation reports and evaluated the work scope, qualifications, competency, objectivity and independence of the external valuers; • discussed with the external valuer to obtain understanding of their work performed on the properties covering amongst others, the valuation methodology and the significant judgement and appropriateness of assumptions applied; and • evaluated management's estimate of total costs to completion which are based on contracted amounts and projections based on experience. For projects which are expected to sell below cost, re-computed the write down to estimated net realisable value. The key judgement and estimation on the valuation of development properties and completed properties and land held for sale is disclosed in Note 3(b)(vii) to the financial statements, and further information related to development properties and completed properties and land held for sale are provided in Note 14 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Key Audit Matters	How the matter was addressed in the audit
Valuation of construction work-in-progress in excess of progress billings	
As at May 31, 2017, the carrying amount of the Group's construction work-in-progress in excess of progress billings amounted to $89.6 million. The value of work done and their recoverability is subject to significant judgement and accounting estimate which includes assessment of whether construction projects are profitable and any potential delays and hence whether provision for foreseeable losses, if any, should be recognised. Additional claims and variation orders are 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.	We have performed the following procedures in relation of valuation of construction work-in-progress in excess of progress billings: • obtained an understanding of the key controls and processes that management has in place in respect of valuation of construction work-in-progress; • evaluated the recoverability of significant contracts, including variation orders and assessed and challenged the Group's ability to complete contracts within budgeted margins by assessing management's underlying estimates and assumptions on forecasted margins; • obtained the report from external consultant and evaluated the work scope, qualifications, competency, objectivity and independence of the external consultant; • discussed with the external consultant engaged by the Group to obtain understanding of their work performed on the additional claims and variation orders covering amongst others, the process and the basis of claims; and • reviewed management's assessment on the construction projects provision for foreseeable losses and assessed the adequacy of no such provision. The key judgement and estimation on the valuation of construction work-in-progress in excess of progress billings is disclosed in Note 3(b)(v) to the financial statements, and further information related to construction work-in-progress is provided in Note 13 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Key Audit Matters	How the matter was addressed in the audit
Valuation of investment properties	
The carrying amount of the Group's investment properties as at May 31, 2017 is $33.8 million. The investment properties are stated at fair value, determined based on valuation performed by independent professional external valuers. The valuation of investment properties involves significant judgement in determining the appropriate valuation methods, use of subjective assumptions and various unobservable inputs. The valuation is sensitive to underlying assumptions applied by the valuers such as market comparable used, the capitalisation rate and discount rate and may have a significant impact to the valuation.	We have performed the procedures below in relation to valuation of investment properties. We have also discussed with the component auditors to understand the nature, extent and timing of procedures performed on valuation of investment properties. We have reviewed the work performed which includes the following procedures: • obtained an understanding of the key controls and processes that management has in place in respect of valuation of investment properties; • obtained the external valuation reports and evaluated the work scope, qualifications, competency, objectivity and independence of the external valuers; • discussed with the external valuer to obtain understanding of their work performed on the properties covering amongst others, the valuation methodology, the key unobservable inputs and the significant judgement and appropriateness of assumptions applied; • considered the adequacy of the disclosures in the financial statements, about the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values, in conveying the inherent degree of subjectivity in valuations. The key judgement and estimation on the valuation of investment properties is disclosed in Note 3(b)(vi) to the financial statements, and further information related to investment properties is provided in Note 21 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act and FRSs, 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kee Cheng Kong, Michael.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 19, 2017

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2017

	Note	Group May 31, 2017	Group May 31, 2016 (Restated)	Group June 1, 2015 (Restated)	Company May 31, 2017	Company May 31, 2016 (Restated)	Company June 1, 2015 (Restated)
		$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents	6	39,587	32,206	24,012	3,494	1,710	677
Bank balances pledged	7	2,402	3,448	1,975	1,390	1,369	1,360
Trade receivables	8	55,117	43,210	85,273	269	-	3,661
Other receivables	9	13,239	25,546	20,298	11,972	13,597	17,633
Current portion of loans receivables	10	26,793	24,042	19,664	933	1,148	3,906
Held-to-maturity financial asset	11	25	-	-	25	-	-
Held for trading investment	16	700	-	-	700	-	-
Inventories	12	27	16	18	-	-	-
Construction work-in-progress in excess of progress billings	13	89,622	103,914	77,809	-	-	-
Development properties	14	143,997	113,275	122,613	-	-	-
Completed properties and land held for sale	14	47,001	46,231	14,973	-	-	-
Non-current assets classified as held for sale	15	47,481	-	-	-	-	-
Total current assets		465,991	391,888	366,635	18,783	17,824	27,237
Non-current assets							
Bank balances pledged	7	435	414	429	-	-	-
Investment in associates	17	48,296	58,776	43,241	300	4,783	781
Investment in joint venture	17	891	1,360	808	-	-	-
Investment in subsidiaries	18	-	-	-	108,930	107,227	100,949
Held-to-maturity financial asset	11	25	-	-	25	-	-
Club membership	19	45	42	46	45	42	46
Property, plant and equipment	20	22,794	89,666	79,248	333	398	463
Investment properties	21	33,812	35,717	36,036	22,000	24,000	24,000
Other receivables	9	6,144	6,210	10,534	40	-	-
Loans receivables	10	-	6,235	19,216	-	351	-
Deferred tax assets	22	3,851	2,643	1,382	-	-	-
Total non-current assets		116,293	201,063	190,940	131,673	136,801	126,239
Total assets		582,284	592,951	557,575	150,456	154,625	153,476

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2017

	Note	Group May 31, 2017	Group May 31, 2016 (Restated)	Group June 1, 2015 (Restated)	Company May 31, 2017	Company May 31, 2016 (Restated)	Company June 1, 2015 (Restated)
		$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY							
Current liabilities							
Bank loans and overdrafts	23	50,115	53,444	52,612	7,100	7,180	8,900
Trade payables	24	104,212	108,217	98,547	222	38	3,673
Other payables	25	32,951	32,560	27,878	59,777	54,537	42,780
Progress billings in excess of construction work-in-progress		-	-	41	-	-	-
Provision for maintenance costs	26	910	643	1,692	-	-	-
Derivative financial instruments	27	-	70	-	-	-	-
Current portion of finance leases	28	83	87	80	-	-	-
Current portion of long-term loan	29	-	4,050	-	-	-	-
Current portion of long-term borrowings	30	51,151	39,861	50,679	4,277	16,537	5,425
Current portion of term notes	31	29,939	-	-	-	-	-
Current portion of financial guarantee liabilities	32	199	606	667	86	224	667
Income tax payable		5,596	5,583	3,348	-	-	-
Total current liabilities		275,156	245,121	235,544	71,462	78,516	61,445
Non-current liabilities							
Finance leases	28	285	372	385	-	-	-
Long-term loan	29	-	-	4,050	-	-	-
Long-term borrowings	30	136,332	147,836	123,344	23,239	15,623	29,039
Term notes	31	-	29,758	29,577	-	-	-
Financial guarantee liabilities	32	752	923	1,452	226	311	1,047
Long-term deposit	33	-	730	730	-	730	730
Other payables	25	3,704	22	18	-	-	-
Deferred tax liabilities	22	429	273	2,066	-	-	-
Total non-current liabilities		141,502	179,914	161,622	23,465	16,664	30,816
Capital, reserves and non-controlling interests							
Share capital	34	58,701	58,701	58,701	58,701	58,701	58,701
Treasury shares	35	(269)	-	-	(269)	-	-
Currency translation reserve	36	(1,011)	(1,633)	(582)	-	-	-
Capital reserve	37	18,793	18,765	18,737	(42)	(42)	(42)
Accumulated profits (losses)		19,396	22,471	16,932	(2,861)	786	2,556
Equity attributable to owners of the Company		95,610	98,304	93,788	55,529	59,445	61,215
Non-controlling interests	38	70,016	69,612	66,621	-	-	-
Net equity		165,626	167,916	160,409	55,529	59,445	61,215
Total liabilities and equity		582,284	592,951	557,575	150,456	154,625	153,476

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MAY 31, 2017

	Note	Group 2017	Group 2016 (Restated)
		$'000	$'000
Revenue	39	253,615	261,706
Cost of sales		(217,438)	(231,851)
Gross profit		36,177	29,855
Other operating income	40	11,546	9,407
Selling and distribution expenses		(5,101)	(2,937)
Administrative expenses		(21,264)	(24,465)
Other operating expenses	41	(6,786)	(5,266)
Share of results of associates and joint venture	17	(2,095)	14,603
Finance costs	42	(10,181)	(8,793)
Profit before tax		2,296	12,404
Income tax expense	43	(3,264)	(1,027)
(Loss) Profit for the year	44	(968)	11,377
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences, representing other comprehensive loss for the year		(324)	(1,849)
Total comprehensive (loss) income for the year		(1,292)	9,528
(Loss) Profit attributable to:			
Owners of the Company		(1,569)	9,062
Non-controlling interests		601	2,315
		(968)	11,377
Total comprehensive (loss) income attributable to:			
Owners of the Company		(947)	8,011
Non-controlling interests		(345)	1,517
		(1,292)	9,528
(Loss) Earnings per share			
Basic (cents)	46	(0.31)	1.80
Diluted (cents)	46	(0.31)	1.80

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MAY 31, 2017

	Share capital	Treasury shares	Currency translation reserve	Capital reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at June 1, 2015, as previously stated	58,701	-	(582)	18,737	18,709	95,565	66,621	162,186
Prior year adjustments (Note 53)	-	-	-	-	(1,777)	(1,777)	-	(1,777)
Balance at June 1, 2015, as restated	58,701	-	(582)	18,737	16,932	93,788	66,621	160,409
Total comprehensive income (loss) for the year:								
Profit for the year	-	-	-	-	9,062	9,062	2,315	11,377
Other comprehensive loss for the year	-	-	(1,051)	-	-	(1,051)	(798)	(1,849)
Total comprehensive income (loss) for the year	-	-	(1,051)	-	9,062	8,011	1,517	9,528
Transaction with owners, recognised directly in equity:								
Issue of shares arising from exercise of warrants (Note 34)	*	-	-	-	-	*	-	*
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(82)	(54)
Capital injection by non-controlling interest	-	-	-	-	-	-	490	490
Deemed capital injection by non-controlling interests	-	-	-	-	-	-	2,430	2,430
Dividends paid (Note 45)	-	-	-	-	(3,523)	(3,523)	(1,364)	(4,887)
Balance at May 31, 2016, as restated	58,701	-	(1,633)	18,765	22,471	98,304	69,612	167,916

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MAY 31, 2017

	Share capital	Treasury shares	Currency translation reserve	Capital reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at June 1, 2016, as restated	58,701	-	(1,633)	18,765	22,471	98,304	69,612	167,916
Total comprehensive income (loss) for the year:								
(Loss) Profit for the year	-	-	-	-	(1,569)	(1,569)	601	(968)
Other comprehensive income (loss) for the year	-	-	622	-	-	622	(946)	(324)
Total comprehensive income for the year	-	-	622	-	(1,569)	(947)	(345)	(1,292)
Transaction with owners, recognised directly in equity:								
Issue of shares arising from exercise of warrants (Note 34)	*	-	-	-	-	*	-	*
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(64)	(36)
Capital injection by non-controlling interest	-	-	-	-	-	-	1,732	1,732
Divided paid (Note 45)	-	-	-	-	(1,506)	(1,506)	(919)	(2,425)
Purchase of treasury shares (Note 35)	-	(269)	-	-	-	(269)	-	(269)
Balance at May 31, 2017	58,701	(269)	(1,011)	18,793	19,396	95,610	70,016	165,626

* *Denotes amount less than $1,000*

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MAY 31, 2017

	Share Capital	Treasury shares	Capital reserve	Accumulated profits	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Balance at June 1, 2015, as previously stated	58,701	-	(42)	2,808	61,467
Prior year adjustments (Note 53)	-	-	-	(252)	(252)
Balance at June 1, 2015, as restated	58,701	-	(42)	2,556	61,215
Profit for the year, representing total comprehensive income for the year	-	-	-	1,753	1,753
Transaction with owners, recognised directly in equity:					
Issue of shares arising from exercise of warrants (Note 34)	*	-	-	-	*
Dividends paid (Note 45)	-	-	-	(3,523)	(3,523)
Balance at May 31, 2016, as restated	58,701	-	(42)	786	59,445
Loss for the year, representing total comprehensive loss for the year	-	-	-	(2,141)	(2,141)
Transaction with owners, recognised directly in equity:					
Issue of shares arising from exercise of warrants (Note 34)	*	-	-	-	*
Dividends paid (Note 45)	-	-	-	(1,506)	(1,506)
Purchase of treasury shares (Note 35)	-	(269)	-	-	(269)
Balance at May 31, 2017	58,701	(269)	(42)	(2,861)	55,529

* *Denotes amount less than $1,000*

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2017

	Group 2017	Group 2016 (Restated)
	$'000	$'000
Operating activities		
Profit before tax	2,296	12,404
Adjustments for:		
Share of results of associates and joint venture	2,095	(14,603)
Change in fair value of investment properties	2,469	-
Depreciation of property, plant and equipment	1,933	3,854
Gain on disposal of a subsidiary	-	(54)
Gain on disposal of an associate	(1,301)	-
Gain on dilution of equity interest in associates	-	(3,068)
Amortisation of deferred sales commission expenses	2,887	732
Amortisation of deferred show flat costs	688	630
Amortisation of financial guarantee liabilities	(666)	(642)
Amortisation of issuance costs on term notes	181	181
Allowance for doubtful trade receivables	-	74
Allowance for doubtful other receivables	193	354
Trade receivables written off	2	1
Other receivables written off	-	53
Allowance for diminution in value of completed properties and land held for sale	3,301	534
Loss on dissolution of joint development	-	2,911
Change in fair value of club membership	(3)	4
Change in fair value of foreign exchange forward contract	(70)	70
Change in fair value of held for trading investment	(164)	-
Property, plant and equipment written off	547	39
Gain on disposal of property, plant and equipment	(2)	(2,215)
Gain on disposal of non-current asset classified as held for sale	(5,348)	-
Provision for maintenance costs	478	379
Unrealised currency translation gain	(742)	-
Interest income	(1,324)	(1,450)
Interest expense	10,181	8,793
Operating cash flows before movements in working capital	17,631	8,981
Trade receivables	(12,122)	40,157
Other receivables	8,139	(4,407)
Inventories	(11)	2
Construction work-in-progress in excess of progress billings	13,904	(26,105)
Development properties	(32,172)	10,381
Completed properties and land held for sale	(770)	(39,363)
Trade payables	(3,348)	11,603
Other payables	(1,114)	7,545
Long term deposit	(730)	-
Progress billings in excess of construction work-in-progress	-	(41)
Utilisation of provision for maintenance costs	(210)	(1,411)
Cash (used in) generated from operations	(10,803)	7,342
Interest paid	(13,298)	(11,156)
Income tax paid	(4,259)	(1,890)
Net cash used in operating activities	(28,360)	(5,704)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2017

	Group	
	2017	2016 (Restated)
	$'000	$'000
Investing activities		
Proceeds on disposal of property, plant and equipment	2	2,229
Proceeds on disposal of non-current asset held-for-sale	32,820	-
Proceeds on disposal of an associate	5,373	-
Purchase of property, plant and equipment (Note A)	(8,145)	(16,114)
Purchase of held-to-maturity financial asset	(50)	-
Cash inflow arising from dissolution of joint development (Note 52)	-	1,031
Investment in associates (Note B)	(1,008)	(3,948)
Acquisition of non-controlling interests in a subsidiary	(36)	(54)
Loans from non-controlling interests	3,680	-
Loans receivables (Note B)	(1,303)	(4,699)
Repayment of loans receivables	4,838	11,980
Dividend received from associates and joint venture (Note B)	7,892	6,895
Interest received	1,754	3,948
Net cash from investing activities	45,817	1,268
Financing activities		
Drawdown of bank loans	123,252	147,406
Repayment of bank loans	(132,729)	(143,688)
Drawdown of long-term borrowings	87,805	62,041
Repayment of long-term borrowings	(88,956)	(37,346)
Repayment of long-term loan	(4,050)	-
Loan to former joint developer	-	(6,000)
(Increase) Decrease in bank balances pledged	1,046	(1,458)
Repayment of obligations under finance leases	(90)	(78)
Capital injection from non-controlling interests	1,732	490
Deemed capital injection by non-controlling interest	-	2,430
Purchase of treasury shares	(269)	-
Dividends paid to shareholders	(1,506)	(3,523)
Dividends paid to non-controlling interests	(919)	(1,364)
Net cash (used in) from financing activities	(14,684)	18,910
Net increase in cash and cash equivalents	2,773	14,474
Cash and cash equivalents at beginning of year	32,206	21,126
Effect of foreign exchange rate changes	(1,540)	(3,394)
Cash and cash equivalents at end of year (Note 6)	33,439	32,206

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2017

Note A

In 2016, the Group acquired property, plant and equipment with an aggregate cost of $16,513,000 of which $93,000 was acquired under finance lease arrangements and there was an adjustment of $306,000 to the leasehold building.

Note B

In 2017, the Group made an investment in associates with an aggregate cost of $2,519,000 of which $1,511,000 was remained outstanding and included in other payables.

In 2016, the Group made an investment in associates with an aggregate cost of $8,431,000 of which $2,402,000 was made through the capitalisation of loan due from associates and $2,081,000 was made through the capitalisation of dividend receivables due from associates.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

1 GENERAL

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

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

The principal activities of its associates, joint venture and subsidiaries are disclosed in Notes 17 and 18 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended May 31, 2017 were authorised for issue by the Board of Directors on October 19, 2017.

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 Financial Reporting Standards in Singapore (“FRSs”).

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On June 1, 2016, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRSs") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[1]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
- Amendments to FRS 40 *Investment Property: Transfers of Investment Property*[2]

[1] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[3] Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.
[4] Application has been deferred indefinitely, however, early application is still permitted.

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

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

<u>FRS 109 *Financial Instruments*</u>

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

The key requirements of FRS 109:

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments (cont'd)*

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

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

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

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

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

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

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

Management anticipates that the initial application of the new FRS 115 will result in changes to the accounting policies relating to revenue recognition and revenue will be recognised when (or as) a performance obligation is satisfied. Additional disclosures will also be made, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases*

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

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

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

Management is currently still assessing the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the above new FRS 116.

IFRS convergence in 2018

Singapore-incorporated companies listed on the SGX will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending May 31, 2019.

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as set out in the preceding paragraphs.

Management is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under IFRS 1, and the preliminary assessment above may be subject to change arising from the detailed analysis.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS (cont'd)

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

Effective interest method

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

Financial assets

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

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

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

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset 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 FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 16.

Held-to-maturity financial assets

Bonds with fixed or determinable payments and fixed maturity dates where the group has a positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Subsequent to initial measurement, held-tomaturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets (cont'd)

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

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

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

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into a foreign exchange forward contract to manage its exposure to foreign exchange rate risk. Further details of derivative financial instrument are disclosed in Note 27 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments (cont'd)

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

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

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.

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

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

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as construction work-in-progress in excess of progress billings. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as progress billings in excess of construction work-in-progress. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as trade and other payables. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

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

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

The Group as lessor

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

NON-CURRENT ASSETS HELD FOR SALE - 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.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEVELOPMENT PROPERTIES (cont'd)

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

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

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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

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

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

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

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these 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 FRS 105. 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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES AND JOINT VENTURE (cont'd)

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTEREST IN JOINT OPERATIONS (cont'd)

When 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.

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.

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

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

Construction contracts

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

Sale of goods

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Development properties

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

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

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

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

Rendering of services

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

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

Interest income

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

Dividend income

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

Rental income

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

Revenue from hotel operations

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

The following are the critical judgement, 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) Revenue recognition from sales of development properties

The Group recognises revenue from sales of development properties when the significant risks and rewards of ownership have been transferred to the buyers in accordance with the accounting policies set out in Note 2.

Revenue is recognised based on the percentage of completion method, for residential and mixed development projects in Singapore and residential development projects in Malaysia, under progressive payment scheme whereby the legal terms in the sale contracts result in continuous transfer of work-in-progress to the buyers.

Revenue from other types of development projects will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

(ii) Non-current assets held for sale

As disclosed in Note 15, freehold property comprising Larmont Hotel Sydney was presented as held-for-sale following the decision of the TEE Land Limited group's management and directors on July 26, 2016 to sell the hotel and the group's active marketing of the said property for sale since that date. As of May 31, 2017, discussions with potential buyers for the hotel are still ongoing. The transaction is expected to complete in next financial year and the freehold property therefore remains classified as a non-current assets held-for-sale in the consolidated statement of financial position.

If the said property no longer meets the classification as non-current assets held-for-sale, it will be reclassified back to property, plant and equipment and valued at the lower of its carrying amount before it was classified as held for sale (adjusted for depreciation) and its recoverable amount at the date of the decision not to sell.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

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

(b) Key sources of estimation uncertainty

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

(i) Revenue recognition

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

The stage of completion is measured by reference to the estimated total costs incurred to date as compared to the total budgeted costs of the construction contract or development property projects as approved by management.

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.

(ii) Allowances for doubtful trade and other receivables

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

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

The Group made full allowance for a deposit amounting to $3,374,000 (2016 : $3,374,000) to acquire 26 plots of freehold land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia from a third party (the "Seller"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller and assessed and determined the balance may not be collectable.

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

(iii) Loans receivables

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

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

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

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

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

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

The carrying amounts of the Group's and Company's investment in associates and joint venture and the Company's investment in subsidiaries are disclosed in Notes 17 and 18 respectively.

(v) Construction work-in-progress in excess of progress billings

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

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

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

The carrying amount of the Group's construction work-in-progress in excess of progress billings is disclosed in Note 13.

(vi) Valuation of investment properties

Investment properties are stated at fair value based on independent professional external valuers. In determining the fair value, the valuers have used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 21. The key assumptions used to determine the fair value include market-corroborated capitalisation yield and discount rate.

The valuers 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 21.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

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

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

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

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

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

The 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 valuers.

The carrying amount of the Group's development properties and completed properties and land held for sale are disclosed in Note 14.

(viii) Provision for maintenance costs

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

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

The carrying amount of the Group's provision for maintenance costs is disclosed in Note 26.

(ix) Deferral of sales commission expenses

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

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

(x) Useful lives of property, plant and equipment

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

The carrying amount of property, plant and equipment is disclosed in Note 20.

(xi) Impairment of property, plant and equipment

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

The carrying amount of property, plant and equipment is disclosed in Note 20.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	138,935	134,191	18,055	18,131
Held-for-maturity financial asset	50	-	50	-
Held for trading investment	700	-	700	-
Financial liabilities				
Amortised cost	400,727	413,248	94,615	94,645
Financial guarantee liabilities	951	1,529	312	535
Derivative financial instrument	-	70	-	-

Financial assets consist of held-for-maturity financial asset, held for trading investment, cash and bank balances, trade receivables, other receivables, loans receivables excluding prepayments, deferred sales commission expenses, deferred show flat costs, and deposits for options to purchase properties.

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

(b) Financial risk management policies and objectives

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

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

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

Foreign exchange risk management

The Group transacts business in various foreign currencies including Thai Baht and Australian 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:

	Group			
	Liabilities		Assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Thai Baht	1,784	2,290	3,232	289
Australian Dollar	-	-	53	69

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

Foreign currency sensitivity

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

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, loss will (increase) decrease (2016 : profit will increase (decrease)) by:

	Thai Baht impact		Australian Dollar impact	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Profit or loss	(145)	200	(5)	(7)

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.

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

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

Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on cash and bank balances and borrowings. The Group obtained financing through bank loans, overdrafts, finance leases and long-term borrowings and the details of the Group's interest rate exposure is disclosed in Notes 23, 28, 30 and 31.

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended May 31, 2017 would increase/decrease by $866,000 (2016 : profit for the year would decrease/increase by $786,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate receivables and borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's loss for the year ended May 31, 2017 would increase/decrease by $145,000 (2016 : profit for the year would decrease/increase by $152,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

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

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

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

The maximum amount that the Group and the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee are $57,568,000 and $85,901,000 (2016 : $102,166,000 and $83,355,000) respectively. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffered credit losses.

Liquidity risk management

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

As at May 31, 2017, the Company's current liabilities exceeded its current assets by $52,679,000 (2016 : $60,692,000). Management is of the view that its subsidiaries will be able to provide financial support, by way of issue of dividends, to enable the Company to meet its financial obligations as and when they fall due.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

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

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

Liquidity and interest risk analysis

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
2017						
Non-interest bearing	-	129,142	-	-	-	129,142
Finance lease liability (fixed rate)	5.12	102	305	13	(52)	368
Variable interest rate instruments	3.97	107,548	134,010	27,916	(35,301)	234,173
Fixed interest rate instruments	4.09	38,141	426	-	(1,523)	37,044
Financial guarantee liabilities	-	56,816	752	-	(56,617)	951
Total		331,749	135,493	27,929	(93,493)	401,678
2016 (Restated)						
Non-interest bearing	-	141,890	-	-	-	141,890
Finance lease liability (fixed rate)	5.14	105	365	43	(54)	459
Variable interest rate instruments	3.84	95,894	142,708	14,100	(19,849)	232,853
Fixed interest rate instruments	3.67	7,758	32,229	-	(1,941)	38,046
Financial guarantee liabilities	-	101,243	923	-	(100,637)	1,529
		346,890	176,225	14,143	(122,481)	414,777

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

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

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

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Company						
2017						
Non-interest bearing	-	59,999	-	-	-	59,999
Variable interest rate instruments	4.64	7,513	20,447	8,147	(7,116)	28,991
Fixed interest rate instruments	3.40	5,378	416	-	(169)	5,625
Financial guarantee liabilities	-	85,675	226	-	(85,589)	312
		158,565	21,089	8,147	(92,874)	94,927
2016 (Restated)						
Non-interest bearing	-	55,305	-	-	-	55,305
Variable interest rate instruments	3.81	17,846	7,657	9,677	(4,793)	30,387
Fixed interest rate instruments	3.32	7,297	1,925	-	(269)	8,953
Financial guarantee liabilities	-	83,044	311	-	(82,820)	535
		163,492	9,893	9,677	(87,882)	95,180

The earliest period that the guarantee could be called is within 1 year (2016 : 1 year) from the end of the reporting period. The Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and Company 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 asset on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

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

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

Liquidity and interest risk analysis (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
2017						
Non-interest bearing	-	105,052	-	-	-	105,052
Variable interest rate instruments	4.15	249	6,158	-	(407)	6,000
Fixed interest rate instruments	3.46	28,885	26	-	(278)	28,633
		134,186	6,184	-	(685)	139,685
2016						
Non-interest bearing	-	94,868	-	-	-	94,868
Variable interest rate instruments	4.15	249	6,407	-	(656)	6,000
Fixed interest rate instruments	4.07	27,816	6,378	-	(871)	33,323
		122,933	12,785	-	(1,527)	134,191
Company						
2017						
Non-interest bearing	-	16,432	-	-	-	16,432
Fixed interest rate instruments	4.76	2,459	26	-	(112)	2,373
		18,891	26	-	(112)	18,805
2016						
Non-interest bearing	-	15,263	-	-	-	15,263
Fixed interest rate instruments	3.30	2,600	363	-	(95)	2,868
		17,863	363	-	(95)	18,131

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

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

Fair value of financial assets and financial liabilities

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

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

(c) Capital management policies and objectives

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 23, 28, 30 and 31 and equity attributable to owners of the Company, comprising of share capital, reserves and accumulated profits. 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	
	2017	2016 (Restated)
	$'000	$'000
Total debt	267,905	271,358
Total assets	582,284	592,951
Total equity	165,626	167,916
Debt-to-total assets ratio (times)	0.46	0.46
Debt-to-total equity ratio (times)	1.62	1.62

The Group's overall strategy with regards to capital management remains unchanged from 2016.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

		Group	
		2017	2016
		$'000	$'000
(a)	Associates and joint venture		
	Dividend income	7,892	8,976
	Interest income	1,057	1,310
	Financial guarantee income	666	642
	Management fee income	346	1,154
	Consultancy and service income	44	85
	Provision of engineering services	10	274
(b)	Company in which a director has significant financial interest		
	Rental expenses	236	184

(c) Compensation of directors and key management personnel

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

	Group	
	2017	2016
	$'000	$'000
Short-term benefits	3,912	4,027
Post-employment benefits	159	155

The remuneration of directors and other members of key management are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

(d) Guarantees given to related parties

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 $36,000 (2016 : $15,000).

5 RELATED PARTY TRANSACTIONS (cont'd)

(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 $12,000 (2016 : $80,000).

(g) Services provided to a director of the company

During the year, a subsidiary provided services to a director of the company amounting to $241,000.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at banks	26,972	20,723	3,493	1,709
Cash on hand	49	42	1	1
Project accounts:				
Cash at banks	6,380	8,434	-	-
Fixed deposits	4,019	2,000	-	-
Fixed deposits	2,167	1,007	-	-
	39,587	32,206	3,494	1,710
Less: Bank overdrafts (Note 23)	(6,148)	-	-	-
Cash and cash equivalents in the consolidated statement of cash flows	33,439	32,206	3,494	1,710

Fixed deposits bear average effective interest rate of 1.55% (2016 : 2.37%) per annum and for a tenure of approximately 183 days (2016 : 172 days).

Project accounts are subject to restrictions under the Singapore Housing Developers (Project Account) Rules (1997 Ed) or the Malaysia Housing Development (Control and Licensing) Act, 1966. 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Bank balances pledged	2,837	3,862	1,390	1,369
Less: Amounts receivable within 12 months (shown under current assets)	(2,402)	(3,448)	(1,390)	(1,369)
Amounts receivable after 12 months	435	414	-	-

These bank balances were pledged as security for certain bank facilities and bear average effective interest rate of 1.47% (2016 : 0.66%) per annum and for a tenure of approximately 387 days (2016 : 566 days).

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

8 TRADE RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Contract trade receivables	48,223	36,864	222	-
Retention sums	6,434	6,136	-	-
Others	460	210	47	-
Total	55,117	43,210	269	-

The credit period given to customers ranges from 14 to 45 days (2016 : 14 to 45 days). No interest is charged on the outstanding trade receivables.

Before accepting any new customer, the Group and Company assess the potential customer's credit quality and define credit limits by customer.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and rendering of services by the Group to third parties of $189,000 (2016 : $189,000). This allowance has been determined by reference to past default experience.

The Group and the Company closely monitor the credit quality of its trade receivables and consider trade receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of $424,000 (2016 : $1,751,000) and $Nil (2016 : $Nil) respectively which are past due at the end of the reporting period for which the Group has not made allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 174 days (2016 : 174 days).

In determining the recoverability of a trade receivable, the Group and Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Group has ten (2016 : nine) customers making up $22,237,000 (2016 : $22,398,000) which accounted for 40.3% (2016 : 51.8%) of the Group's trade receivables. Management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

Movements in the allowance for doubtful debts:

	Group	
	2017	2016
	$'000	$'000
At beginning of the year	189	127
Foreign currency exchange adjustment	(2)	(13)
Amounts written off during the year	2	1
Increase in allowance recognised in profit or loss (Note 41)	-	74
At end of the year	189	189

9 OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Associates and joint venture (h) (Notes 5 and 17)	111	260	-	100
Subsidiaries (d) (Note 18)	-	-	11,237	13,162
Related parties (b) (Note 5)	1,122	1,116	7	-
Interest receivables due from associates (Notes 5 and 17)	3,597	3,962	-	-
Interest receivables	13	78	38	7
Deferred sales commission expenses (f)	3,854	2,291	-	-
Deferred show flat costs (f)	131	607	-	-
Prepayments	797	1,627	43	44
Deposits (g)	959	7,062	216	158
Former joint developer (e)	21	6,523	-	-
Loan to former joint developer (e)	6,000	6,000	-	-
Advances to directors of subsidiaries (a) (Note 5)	622	319	-	-
Outside parties (c)	2,156	1,911	471	126
	19,383	31,756	12,012	13,597
Less: Amounts receivable within 12 months (shown under current assets)	(13,239)	(25,546)	(11,972)	(13,597)
Amounts receivable after 12 months	6,144	6,210	40	-

In determining the recoverability of other receivables, the Group and the Company consider any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

Management has assessed the credit worthiness of the other receivables and allowances have been determined by reference to past default experience.

(a) The advances to directors of subsidiaries are provided under an approved employees loan scheme and are unsecured, interest-free and not repayable within the next twelve months.

(b) Included in other receivables due from related parties are amounts of $7,000 and $1,115,000 (2016 : $Nil and $1,116,000) which are due from a company with a common director and non-controlling shareholders respectively. Both amounts are unsecured, interest-free and repayable within 12 months (2016 : repayable within 12 months). The fair value approximates its carrying amount.

(c) The amounts 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 $547,000 (2016 : $354,000).

(d) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Company of $19,494,000 (2016 : $19,494,000).

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

9 OTHER RECEIVABLES (cont'd)

(e) In March 2010, the Group entered into a joint development with a former joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore. In 2015, the Group recognised the related assets, liabilities, income and expenses arising from the joint operation in accordance with the accounting policy as described in Note 2. In May 2016, the Group dissolved the joint development resulting in the assets and liabilities relating to The Peak @ Cairnhill I (Note 14) were fully transferred to the Group while the assets and liabilities relating to The Peak @ Cairnhill II were fully transferred to the former joint developer. The carrying amount of assets and liabilities of The Peak @ Cairnhill II at the date of dissolution are disclosed in Note 52.

The loan to former joint developer of $6,000,000 is unsecured and is repayable after 12 months (2016 : after 12 months) from the end of the reporting period. The loan bears floating interest of 1.1% (2016 : 1.1%) per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% (2016 : 4.15%) per annum. The carrying amount approximates its fair value.

The amount of $21,000 (2016 : $6,523,000) due from former joint developer is unsecured, interest-free and repayable within 12 months from the reporting date. In 2016, amount due from former joint developer of $4,662,000 was written off as a result of the dissolution of joint development as disclosed in Note 52. The carrying amount approximates its fair value.

(f) Deferred sales 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.

(g) In 2017, $2,595,000 deposit has been transferred to development properties as the acquisition of the land was completed and a refundable deposit for potential investment amounting to $3,410,000 which is unsecured, bears interest at 4.00% per annum, which was refunded in the current financial year.

In 2016, included in the deposits are the options for purchase of properties amounted to:

(i) $2,595,000 for an option to acquire a freehold land located at 20, Lorong 35, Geylang and

(ii) $3,374,000 for an option to acquire 26 plots of the land (the "Land") located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia. The amount of $3,374,000 was fully provided in 2016 as management assessed that the option money may still be uncollectable and hence remain as allowance for doubtful debts at the end of the financial year.

(h) The amount due from associates of $111,000 (2016 : $260,000) is unsecured, interest-free and repayable within 12 months from the reporting date.

Movements in the allowance for doubtful debts:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of the year	3,727	3,375	19,494	19,451
Foreign currency exchange adjustment	-	(2)	-	-
Increase in allowance recognised in profit or loss (Note 41)	193	354	-	43
At end of the year	3,920	3,727	19,494	19,494

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

10 LOANS RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Loans receivables from former associate	933	-	933	-
Loans receivables from associates	25,860	30,277	-	1,499
Less: Amounts receivable within 12 months (shown under current assets)	(26,793)	(24,042)	(933)	(1,148)
Amounts receivable after 12 months	-	6,235	-	351

Included in the Group's loans receivables is an amount of $7,233,000 (2016 : $7,233,000) which is unsecured, interest-free and expected to be repaid upon completion of the development project held by an associate. The remaining amount of $19,560,000 (2016 : $23,044,000) is unsecured, bears interest which is fixed at rates ranging from 4.00% to 5.35% (2016 : 5.00% to 7.00%) per annum. The Company's loans receivable from former associate (2016 : loans receivable from associate) of $933,000 (2016 : $1,499,000) is unsecured and bears interest which is fixed at 5.35% (2016 : 5.35%) per annum. Management has assessed the credit worthiness of the loan receivables and believes that no allowance is required for the loans receivables.

The fair value of the Group's and Company's loans receivables approximates their carrying amounts as their interest rates approximate current market interest rates on or near the end of the reporting period.

In 2016, the Group executed two deeds of subordination (the "Deeds") to secure all liabilities and indebtedness of two of its associates. As a result of the Deeds, the loans receivable from associates amounting to $1,403,000 are subordinated in rank to the credit facilities granted by the banks to the associates.

11 HELD-TO-MATURITY FINANCIAL ASSET

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Quoted debt securities, at amortised cost	50	-	50	-
Presentation on statements of financial position:				
Current assets	25	-	25	-
Non-current assets	25	-	25	-
Total	50	-	50	-

As at May 31, 2017, the quoted debt securities have nominal values amounting to $50,000, with coupon rates of 8% per annum and maturity dates ranging from December 13, 2017 to December 13, 2018.

There were no disposals or allowance for impairment for held-to-maturity financial assets.

The held-to-maturity financial assets are denominated in Singapore dollars, the functional currency of the Company.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

12 INVENTORIES

	Group	
	2017	2016
	$'000	$'000
At cost:		
Consumables	27	16

13 CONSTRUCTION WORK-IN-PROGRESS IN EXCESS OF PROGRESS BILLINGS

	Group	
	2017	2016
	$'000	$'000
Contract cost incurred plus recognised profits	454,572	345,235
Less: Progress billings	(364,950)	(241,321)
Net	89,622	103,914

14 DEVELOPMENT PROPERTIES

	Group	
	2017	2016
	$'000	$'000
Cost incurred plus attributable profit	263,452	179,198
Progress billings	(59,920)	(10,335)
Dissolved during the year (Note 52)	-	(7,572)
Recognised as expense in profit or loss	(7,535)	-
Allowance for diminution in value	(4,999)	(1,785)
Net	190,998	159,506
Presented in the statements of financial position as:		
Development properties	143,997	113,275
Completed properties and land held for sale	47,001	46,231
Total	190,998	159,506

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

14 DEVELOPMENT PROPERTIES (cont'd)

Allowance for diminution in value

	Group 2017	Group 2016
	$'000	$'000
At beginning of the year	1,785	1,251
Charge to profit or loss (Note 41)	3,301	534
Write back of written down recorded in cost of sales	(87)	-
At end of the year	4,999	1,785

Cost of development properties comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development. These projects have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

The Group makes allowance for diminution in value taking into account estimated net realisable values of the project by reference to comparable properties, location and property market conditions.

The allowance for diminution value was made on a property due to the weakening market conditions and the slow take up rate of the property.

In May 2016, the Group dissolved the joint development and the assets and liabilities relating to The Peak @ Cairnhill I were fully transferred to the Group. The carrying amount of assets and liabilities of The Peak @ Cairnhill I at the date of dissolution are disclosed in Note 52.

Details of the Group's development properties as at May 31, 2017 are as follows:

Name of Property/ location	Description	Tenure	Estimated percentage of completion	Year to be completed/ completed	Land area (sq m)	Gross floor area (sq m)	Group's interest in property
Properties in the course of development:							
31 & 31A, Harvey Avenue Singapore	2 units of 3 storey houses	Freehold	*	December 2017	1,026	1,376	63%
24 One Residences 241 Pasir Panjang Singapore	24 units of residential apartments	Freehold	*	March 2019	1,202	1,682	63%
183 LONGHAUS 183 Upper Thomson Road, Singapore	40 residential units and 10 commercial units	Freehold	16%	December 2018	1,576	4,727	63%
Third Avenue, PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia	701 residential units and 31 commercial units	Freehold	56%	June 2018	24,085	72,257	63%
Rezi 35 Geylang Lorong 35 Singapore	44 units of residential apartments	Freehold	*	December 2019	1,115	3,121	32%

* *No revenue has been recognised in respect of these development properties.*

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

14 DEVELOPMENT PROPERTIES (cont'd)

Details of the Group's completed properties and land held for sale as at May 31, 2017 are as follows:

Name of Property/ location	Description	Tenure	Estimated percentage of completion	Land area (sq m)	Gross floor area (sq m)	Group's interest in property
Completed properties and land held for sale:						
The Peak @ Cairnhill I, 47, 49 and 51 Cairnhill Circle, Singapore	16 units of residential apartment	Freehold	100%	978	1,252	63%
Hilbre 28 64, 66, 68, 70, 72, 74, 76, 78 and 80 Hillside Drive, Hillside Gardens, Singapore	11 units of residential apartments	999 years leasehold from September 1, 1876	100%	2,026	849	63%
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	35 plots of land	50 years leasehold from October 14, 2011	100%	6,029	-	41%

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 were pledged to banks to secure the bank loans and long-term borrowings granted to the Group as disclosed in Notes 23 and 30 respectively.

Finance costs capitalised as cost of development properties during the financial year amounted to $3,255,000 (2016 : $2,448,000) at interest rates ranging from 2.08% to 7.50% (2016 : 2.35% to 7.60%) per annum.

15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2017	2016
	$'000	$'000
Reclassified from property, plant and equipment (Note 20)	74,953	-
Less: Disposal	(27,472)	-
Net	47,481	-

Following the approval of the Group's management and subsidiary's directors on July 26, 2016 to sell the two hotels in Australia, the freehold land and building on freehold land are classified as "non-current assets classified as held for sale" and presented separately in the consolidated statement of financial position.

During the financial year, the Group sold one of the hotels for a consideration of approximately $32,820,000 (A$31,365,000), net of transaction cost. The gain on disposal of $5,348,000 (A$5,111,000) is recorded in the profit or loss (Note 40).

The non-current assets held for sale is pledged to banks to secure the long-term borrowings granted to the Group (Note 30).

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

At 31 May 2017, details of the Group's non-current assets held for sale are as follows:

Name of property/ location	Tenure of property	Existing use	Gross floor area (sq m)	Group's interest in property
Larmont Hotel Sydney 2-14 Kings Cross Road, Potts Point, NSW 111, Australia	Freehold	Hotel operations	4,653	35%

16 HELD FOR TRADING INVESTMENT

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Listed equity securities, at fair value	700	-	700	-

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 held for trading investment is classified within Level 1 of the fair value hierarchy.

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Associates				
Quoted equity shares, at cost	9,875	14,358	-	4,483
Unquoted equity shares, at cost	11,643	9,124	300	300
Deemed cost of investment	5,766	5,766	-	-
Share of post-acquisition reserves, net of dividend received	21,012	29,528	-	-
Total	48,296	58,776	300	4,783
Joint venture				
Unquoted equity shares, at cost	9	9	-	-
Share of post-acquisition reserves, net of dividend received	882	1,351	-	-
Total	891	1,360	-	-

NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Deemed cost of investment pertains to the effects of fair value of financial guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

Management had performed an impairment review on the investment of associates and no impairment loss is recognised during the financial year based on the higher of fair value less cost to sell and value in use.

Details of the Group's significant associates and joint venture at May 31 are as follows:

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2017	2016
		%	%
Associates			
Unique Development Pte. Ltd. ("UDPL") Singapore (4) (5)	Development of real estate	13	13
Unique Realty Pte. Ltd. ("UREL") Singapore (2) (5)	Developmcent of real estate	13	13
Residenza Pte. Ltd. ("RPL") Singapore (4) (5)	Development of real estate	20	20
Unique Consortium Pte. Ltd. ("UCPL") Singapore (4) (5)	Development of real estate	13	13
Development 26 Pte. Ltd. ("D26") Singapore (4) (5)	Development of real estate	28	28
Chewathai Public Company Limited ("CWL") Thailand (1) (5) (6)	Development of real estate	20	20
Global Environmental Technology Co., Ltd. ("GETCO") Thailand (1)	Wastewater treatment	49	49
CMC Infocomm Limited ("CMCI") Singapore (2) (6)	Telecommunications engineering	-	42
Joint venture			
TEE-HC Engineering Company Limited Macao (3)	Provision of mechanical and electrical engineering	55	55

(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) Reviewed by another firm of auditors, Baker Tilly TFW LLP, Singapore for the purpose of consolidation.
(5) Held by a subsidiary, TEE Land Limited (Note 18).
(6) Listed on the Stock Exchange of its respective country of incorporation in 2016. In 2016, pursuant to the associates' listing, the interest in these associates were diluted resulting in a gain on dilution of equity interest in associates of $3,068,000 (Note 40) and reclassification of cumulative translation differences amounting to $227,000 from equity to profit or loss. In 2017, the Group disposed 37% of ownership interest of CMCI during the year and remaining interest reclassified to held for trading investment (Note 16).

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

As at May 31, 2017, the fair value of quoted equity shares of Chewathai Public Company Limited is Thai Baht ("THB") 318,030,000 (equivalent to $12,944,000) (2016 : Thai Baht ("THB") 384,982,000 (equivalent to $14,899,000)), based on quoted bid prices in an active market.

The Group has not recognised its share of losses amounting to $34,000 (2016 : $265,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $169,000 (2016 : $583,000).

Summarised financial information in respect of the Group's associates and joint venture is set out below:

	Group	
	2017	2016
	$'000	$'000
Total assets	510,588	624,065
Total liabilities	(357,666)	(436,693)
Net assets	152,922	187,372
Group's share of associates' and joint venture's net assets	49,187	60,136
Revenue	162,841	236,717
(Loss) Profit for the financial year	(10,856)	49,658
Group's share of associates' and joint venture's results for the financial year	(2,095)	14,603

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 FRSs and includes adjustments by the Group to align with the Group's accounting policy for equity accounting purposes. Summarised and reconciliation of the financial information in respect of each of the Group's material associates and joint venture is set out below.

Summarised statement of financial position

2017

	Associates									Joint Venture	
	UDPL	UREL	RPL	UCPL	D26	CWL	GETCO	Individually immaterial associates	Total	TEE-HC Engineering	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	20%	49%	13-50%		55%	
Current assets	9,118	17,884	10,395	42	4,149	158,749	6,130	153,209	359,676	2,386	362,062
Non-current assets	944	-	-	69,474	-	22,678	8,728	46,702	148,526	-	148,526
Current liabilities	(2,666)	(7,818)	(2,638)	(24)	(3,169)	(97,455)	(3,669)	(62,431)	(179,870)	(799)	(180,669)
Non-current liabilities	-	(77)	(260)	(28,445)	-	(36,436)	(2,931)	(108,848)	(176,997)	-	(176,997)
Net assets	7,396	9,989	7,497	41,047	980	47,536	8,258	28,632	151,335	1,587	152,922
Group's share of net assets	1,479	1,998	2,399	8,209	441	16,968	4,046	6,741	42,281	873	43,154
Deemed cost of investment	1,054	610	201	691	300	1,185	-	1,725	5,766	-	5,766
Other adjustments	-	-	-	-	-	-	-	249	249	18	267
Carrying amount of the group's interest in associates and joint venture	2,533	2,608	2,600	8,900	741	18,153	4,046	8,715	48,296	891	49,187

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of profit or loss and comprehensive income

2017

	Associates										Joint Venture	
	UDPL	UREL	RPL	UCPL	D26	CWL	GETCO	CMCI	Individually immaterial associates	Total	TEE-HC Engineering	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	9,638	-	-	-	-	29,955	7,563	12,898	95,758	155,812	7,029	162,841
Profit (Loss) for the year	(2,407)	(592)	(336)	(7,983)	(48)	410	803	(1,491)	260	(11,384)	528	(10,856)

Summarised financial information in respect of the Group's material associates is set out below:

Summarised statement of financial position

2016

	Associates										Joint Venture	
	UDPL	UREL	RPL	UCPL	D26	CWL	GETCO	CMCI	Individually immaterial associates	Total	TEE-HC Engineering	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	20%	49%	42%	13-50%		55%	
Current assets	24,411	33,477	17,331	1,304	14,041	106,996	6,789	17,328	198,035	419,712	4,488	424,200
Non-current assets	-	-	-	139,634	-	19,525	8,467	4,367	27,872	199,865	-	199,865
Current liabilities	(3,926)	(12,574)	(2,242)	(13)	(6,012)	(67,958)	(3,372)	(9,121)	(70,544)	(175,762)	(2,015)	(177,777)
Non-current liabilities	(3,196)	(2,322)	(7,256)	(91,894)	-	(12,595)	(3,652)	(575)	(137,426)	(258,916)	-	(258,916)
Net assets	17,289	18,581	7,833	49,031	8,029	45,968	8,232	11,999	17,937	184,899	2,473	187,372
Group's share of net assets	3,458	3,716	2,507	9,806	3,613	15,925	4,034	5,053	4,481	52,593	1,360	53,953
Deemed cost of investment	1,054	610	201	691	300	1,185	-	-	1,725	5,766	-	5,766
Other adjustments	-	-	-	-	-	-	-	178	239	417	-	417
Carrying amount of the group's interest in associates and joint venture	4,512	4,326	2,708	10,497	3,913	17,110	4,034	5,231	6,445	58,776	1,360	60,136

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of profit or loss and comprehensive income

2016

	Associates										Joint Venture	
	UDPL	UREL	RPL	UCPL	D26	CWL	GETCO	CMCI	Individually immaterial associates	Total	TEE-HC Engineering	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	-	58,812	22,798	-	9,369	75,317	6,967	18,217	15,559	207,039	29,678	236,717
Profit (Loss) for the year	(2,757)	7,156	2,606	24,584	4,504	12,322	1,022	(1,498)	775	48,714	944	49,658

18 INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Quoted equity shares, at cost	70,671	70,636
Unquoted equity shares, at cost	37,514	35,846
Deemed cost of investment	2,256	2,256
Impairment loss	(1,511)	(1,511)
Net	108,930	107,227

Deemed cost of investment pertains to the effects of fair value of financial guarantees on initial recognition provided by the Company on behalf of its subsidiaries for the granting of banking facilities.

Management had performed an impairment review on the investment of subsidiaries and is of the view that no impairment is required during the financial year based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

18 INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the Company's significant subsidiaries at May 31, 2017 are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		2017	2016
		%	%
Trans Equatorial Engineering Pte. Ltd. Singapore (1)	Provision of mechanical and electrical engineering services	100	100
PBT Engineering Pte. Ltd. Singapore (1)	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100	100
TEE Land Limited Singapore (2)	Development of real estate and investment holding	63.28	63.24
TEE E&C (Malaysia) Sdn. Bhd. Malaysia (3)	Provision of mechanical and electrical engineering services	100	100

(1) Audited by Deloitte & Touche LLP, Singapore
(2) Listing on Singapore Exchange Securities Trading Limited. Audited by another firm of auditors, Baker Tilly TFW LLP, Singapore (2016: Audited by Deloitte & Touche LLP, Singapore)
(3) Audited by another firm of auditors, Deloitte & Touche LLP, Malaysia

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

The 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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

18 INVESTMENT IN SUBSIDIARIES (cont'd)

Information about the composition of wholly-owned and non wholly-owned subsidiaries of the Group as at May 31, 2017 and 2016 is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		Number of non wholly-owned subsidiaries	
		2017	2016	2017	2016
Mechanical and electrical engineering services	Singapore, Malaysia, Hong Kong, Brunei	11	11	-	-
Development of real estates	Singapore, Malaysia, New Zealand, Australia	-	-	25	24
Infrastructure and wastewater treatment	Singapore, Thailand, Philippines, Cambodia	5	5	3	3

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and operation	Effective equity interest and voting power held by non-controlling interest		(Loss) Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017	2016	2017	2016
		%	%	$'000	$'000	$'000	$'000
TEE Land Limited	Singapore	36.72	36.76	(806)	2,377	71,399	70,976
Individually immaterial subsidiaries non-controlling interest				1,407	(62)	(1,383)	(1,364)
				601	2,315	70,016	69,612

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

18 INVESTMENT IN SUBSIDIARIES (cont'd)

The summarised financial information of TEE Land Limited and its subsidiaries on a 100% basis is set out below, as adjusted to align accounting policies to that of Group's:

	2017	2016
	$'000	$'000
Current assets	330,158	242,085
Non-current assets	86,600	163,871
Current liabilities	130,159	71,625
Non-current liabilities	116,641	162,863
Equity attributable to owners of the company	154,814	158,009
Revenue for the year	90,208	34,889
Expenses	(91,066)	(27,877)
(Loss) Profit for the year	(858)	7,012
(Loss) Profit attributable to:		
Owners of the company	(2,195)	7,331
Non-controlling interests	1,337	(319)
(Loss) Profit for the year	(858)	7,012
Other comprehensive income (loss) attributable to:		
Owners of the company	1,384	(1,572)
Non-controlling interests	457	(265)
Other comprehensive income (loss) for the year	1,841	(1,837)
Total comprehensive (loss) income attributable to:		
Owners of the company	(811)	5,759
Non-controlling interests	1,794	(584)
Total comprehensive income for the year	983	5,175
Net cash outflow used in operating activities	(20,534)	(1,488)
Net cash inflow from (outflow used in) investing activities	39,615	(1,386)
Net cash (outflow used in) inflow from financing activities	(9,348)	10,392
Net cash inflow	9,733	7,518

19 CLUB MEMBERSHIP

	Group and Company	
	2017	2016
	$'000	$'000
Club membership, at cost	73	73
Impairment loss	(28)	(31)
Net	45	42

Management had performed an impairment review on the club membership based on its estimated fair value less cost to sell and this led to increase in fair value of $3,000 (2016 : impairment loss of $4,000) recognised during the financial year.

NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017

20 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Leasehold building under construction	Leasehold building	Leasehold improvements	Computers	Renovation	Motor vehicles	Machinery and tools	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
Cost:											
At June 1, 2015	10,854	36,050	22,598	-	214	1,575	1,716	2,932	1,370	9,126	86,435
Reclassification	-	-	(22,598)	22,598	-	-	-	-	-	-	-
Foreign currency exchange adjustment	(363)	(1,206)	-	-	(8)	(11)	(127)	(40)	(6)	(293)	(2,054)
Additions	-	14,991	-	69	25	116	24	179	1	1,108	16,513
Adjustment	-	-	-	(306)	-	-	-	-	-	-	(306)
Disposals	-	-	-	-	-	(4)	(157)	(1,716)	(1,126)	(45)	(3,048)
Write-offs	-	-	-	-	-	(21)	(201)	(210)	(10)	(37)	(479)
At May 31, 2016	10,491	49,835	-	22,361	231	1,655	1,255	1,145	229	9,859	97,061
Reclassification (Note 15)	(10,900)	(52,138)	-	-	-	-	-	-	-	(15,711)	(78,749)
Foreign currency exchange adjustment	448	1,884	-	-	11	(5)	(45)	(1)	10	259	2,561
Additions	-	561	-	-	15	264	16	57	-	7,232	8,145
Disposals	-	-	-	-	-	(33)	-	(114)	-	-	(147)
Write-offs	-	(142)	-	-	-	(441)	(33)	-	(7)	(594)	(1,217)
At May 31, 2017	39	-	-	22,361	257	1,440	1,193	1,087	232	1,045	27,654
Accumulated depreciation:											
At June 1, 2015	-	536	-	-	210	694	786	2,541	1,354	1,066	7,187
Foreign currency exchange adjustment	-	(40)	-	-	(7)	(2)	(39)	(27)	(7)	(50)	(172)
Depreciation	-	1,224	-	642	1	391	286	117	6	1,187	3,854
Disposals	-	-	-	-	-	(3)	(152)	(1,716)	(1,126)	(37)	(3,034)
Write-offs	-	-	-	-	-	(19)	(168)	(210)	(10)	(33)	(440)
At May 31, 2016	-	1,720	-	642	204	1,061	713	705	217	2,133	7,395
Reclassification (Note 15)	-	(1,947)	-	-	-	-	-	-	-	(1,849)	(3,796)
Foreign currency exchange adjustment	-	72	-	-	10	(2)	(23)	-	9	79	145
Depreciation	-	180	-	642	9	390	263	98	5	346	1,933
Disposals	-	-	-	-	-	(33)	-	(114)	-	-	(147)
Write-offs	-	(25)	-	-	-	(442)	(28)	-	(7)	(168)	(670)
At May 31, 2017	-	-	-	1,284	223	974	925	689	224	541	4,860
Carrying amount:											
At May 31, 2017	39	-	-	21,077	34	466	268	398	8	504	22,794
At May 31, 2016	10,491	48,115	-	21,719	27	594	542	440	12	7,726	89,666

NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017

20 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detail of the Group's properties are as follow:

Address of properties	Tenure of properties	Term of lease	Remaining term of lease	Existing use
TEE Building 25 Bukit Batok Street 22 Singapore 659591	Leasehold	From May 1, 1992 to April 30, 2052	35 years	Industrial and office space for providing rental

The carrying amount of the Group's motor vehicles includes an amount of $201,000 (2016 : $352,000) which are held under finance leases (Note 28).

The Group's freehold land, buildings on freehold land and leasehold building were pledged to bank to secure facilities granted to the Group (Note 30).

	Computers	Renovation	Office equipment	Total
	$'000	$'000	$'000	$'000
Company				
Cost:				
At June 1, 2015	488	-	15	503
Additions	1	-	123	124
At May 31, 2016	489	-	138	627
Additions	120	8	4	132
Write-offs	(10)	-	-	(10)
At May 31, 2017	599	8	142	749
Accumulated depreciation:				
At June 1, 2015	40	-	-	40
Depreciation	163	-	26	189
At May 31, 2016	203	-	26	229
Depreciation	167	1	29	197
Write-offs	(10)	-	-	(10)
At May 31, 2017	360	1	55	416
Carrying amount:				
At May 31, 2017	239	7	87	333
At May 31, 2016	286	-	112	398

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

21 INVESTMENT PROPERTIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At fair value:				
At beginning of the year	35,717	36,036	24,000	24,000
Changes in fair value included in profit or loss (Note 41)	(2,469)	-	(2,000)	-
Foreign currency exchange adjustments	564	(319)	-	-
At end of the year	33,812	35,717	22,000	24,000

As at May 31, 2017 and 2016, the Group's and Company's investment properties are stated at estimated fair value based on valuation carried out by independent professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The investment properties were pledged to a bank to secure long-term borrowings granted to the Group and the Company (Note 30).

The property rental income from the Group's and Company's investment properties, which are leased out under operating leases, amounted to $1,377,000 (2016 : $3,355,000) and $Nil (2016 : $1,957,000) respectively. The direct operating expenses (including repairs and maintenance) arising from the Group's and Company's rental-generating investment properties, amounted to $601,000 (2016 : $728,000) and $Nil (2016 : $210,000) respectively.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at May 31, 2017 and 2016, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The investment properties held by the Group as at May 31, 2017 and 2016 are as follow:

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 19 Main South Road Upper Riccarton, Christchurch	New Zealand	107 units and 4 houses for providing rental accommodation	Freehold
Thistle Guesthouse 21 Main South Road Upper Riccarton, Christchurch	New Zealand	10 bedrooms and 1 ground floor apartment and an attached sleep-out for providing rental accommodation	Freehold
Chewathai Ratchaprarop Condominium, No.11 Ratchaprarop Road Makkasan Sub-district, Ratchathewi District, Bangkok	Thailand	3 condominium apartment units for providing rental accommodation	Freehold

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

21 INVESTMENT PROPERTIES (cont'd)

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at May 31, 2017 and 2016 are as follows:

Investment properties	Fair value		Valuation methodology	Significant unobservable inputs (Level 3)	Range	
	2017	2016			2017	2016
	$'000	$'000				
Singapore	22,000	24,000	Direct comparison method	Price per square meter of gross floor area[1]	$1,600-$3,000	$2,000-$2,100
New Zealand	9,676	9,754	Discounted cash flow method	Discount rate [2]	10.00%	11.00%
			Direct comparison method	Price per square meter of gross floor area[1]	$300 - $480	$300 - $400
Thailand	2,136	1,963	Direct comparison method	Price per square meter of gross floor area[1]	$4,000 - $6,600	$3,500 – $6,000
			Income capitalisation method	Occupancy turnover[1]	97.00%	90.00%
				Turnover[1]	$3,000/ week	$2,600/ week
				Operating income[1]	$2,600/ week	$2,300/ week
				Net operating income margin[1]	87.00%	90.00%
				Capitalisation rate[2]	6.00%	6.00%
	33,812	35,717				

(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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

22 DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and Company, and movements thereon during the year:

Deferred tax assets

	Provisions	Tax losses	Total
	$'000	**$'000**	**$'000**
Group			
At June 1, 2015	50	1,332	1,382
(Charge) Credit to profit or loss for the year (Note 43)	(50)	1,362	1,312
Foreign currency exchange adjustment	-	(51)	(51)
At May 31, 2016	-	2,643	2,643
Credit to profit or loss for the year (Note 43)	67	1,127	1,194
Foreign currency exchange adjustment	-	14	14
At May 31, 2017	67	3,784	3,851

Deferred tax liabilities

	Recognition of profits from properties under development	Accelerated tax depreciation	Total
	$'000	**$'000**	**$'000**
Group			
At June 1, 2015	2,012	54	2,066
(Credit) Charge to profit or loss for the year (Note 43)	(1,800)	9	(1,791)
Foreign currency exchange adjustment	(2)	-	(2)
At May 31, 2016	210	63	273
Charge (Credit) to profit or loss for the year (Note 43)	153	(8)	145
Foreign currency exchange adjustment	11	-	11
At May 31, 2017	374	55	429

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 FINANCIAL STATEMENTS

MAY 31, 2017

23 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Secured				
- Bank loans	4,950	6,895	3,700	3,780
- Bills payable	11,710	20,850	-	-
	16,660	27,745	3,700	3,780
Unsecured				
- Bank loans	15,473	13,393	3,400	3,400
- Bills payable	11,834	12,306	-	-
- Bank overdrafts (Note 6)	6,148	-	-	-
	33,455	25,699	3,400	3,400
Total	50,115	53,444	7,100	7,180

The following outstanding balances are secured with the following:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Secured with:				
Shares of a subsidiary	3,700	3,780	3,700	3,780
Trade receivables	11,997	22,350	-	-
Pledge over fixed deposit	963	1,615	-	-
Total	16,660	27,745	3,700	3,780

The effective interest rate on the outstanding balances ranges from 3.03% to 7.71% (2016 : 3.11% to 5.50%) per annum.

24 TRADE PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Subsidiaries (Note 18)	-	-	222	-
Contract trade payables	79,966	90,545	-	-
Retention payables	22,502	17,216	-	-
Others	1,744	456	-	38
Total	104,212	108,217	222	38

The credit period granted by suppliers ranged from 30 to 90 days (2016 : 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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

25 OTHER PAYABLES

	Group		Company	
	2017	2016 (Restated)	2017	2016 (Restated)
	$'000	$'000	$'000	$'000
Subsidiaries (Note 18)	-	-	59,070	53,378
Related parties (Note 5)	103	87	-	-
Associates (Notes 5 and 17)	9,620	1,754	3	3
Non-controlling interest	4,095	2,939	-	-
Loan from non-controlling interest	3,680	-	-	-
Accrued expenses	4,103	7,300	549	1,011
Accrued interest expense	1,557	1,419	57	55
Rental and security deposits	1,137	1,575	-	-
Former joint developer	-	8,440	-	-
Advances received from customers	8,045	3,689	-	-
Other payables	4,315	5,379	98	90
	36,655	32,582	59,777	54,537
Less: Amounts payable within 12 months (shown under current liabilities)	(32,951)	(32,560)	(59,777)	(54,537)
Amounts payable after 12 months	3,704	22	-	-

The amounts due to subsidiaries, associates, related parties and non-controlling shareholder are unsecured, interest-free and repayable on demand.

Included in the other payables to non-controlling interest is dividend payable of $1,841,000 (2016 : $Nil) to a non-controlling interests of a subsidiary.

The non-current loan from non-controlling interest of $3,680,000 is for development property "Rezi 35", bears interest at 5% per annum and is repayable after 12 months from the end of the reporting period.

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.

26 PROVISION FOR MAINTENANCE COSTS

	Group	
	2017	2016
	$'000	$'000
At beginning of the year	643	1,692
Charge to profit or loss for the year	478	379
Utilised	(210)	(1,411)
Foreign currency exchange adjustment	(1)	(17)
At end of the year	910	643

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.

27 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2017	2016
	$'000	$'000
Foreign exchange forward contracts	-	70

The Group utilises the foreign exchange forward contracts to manage the exposure to foreign exchange rate changes.

At the end of the reporting period, the total notional amount of outstanding foreign exchange forward contracts to which the Group is committed are as follows:

	Group	
	2017	2016
	$'000	$'000
Sell Singapore Dollar buy Malaysian Ringgit	-	12,000

In 2016, change in the fair value of foreign exchange forward contracts amounting to $70,000 had been charged to profit or loss in the year (Note 41). The fair value measurement of the foreign exchange forward contracts is classified within Level 2 of the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

28 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	102	105	83	87
In the second to fifth years inclusive	305	365	272	331
After five years	13	43	13	41
	420	513	368	459
Less: Future finance charges	(52)	(54)	-	-
Present value of lease obligations	368	459	368	459
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(83)	(87)
Amounts due for settlement after 12 months			285	372

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 7 years (2016 : 6 years). For the year ended May 31, 2017, the average effective borrowing rate was 5.12% (2016 : 5.14%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into our contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 20).

29 LONG-TERM LOAN

The unsecured long-term loan was repayable to a former joint developer and was fully repaid during financial year.

30 LONG-TERM BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Borrowings	187,483	187,697	27,516	32,160
Less: Current portion due within 12 months	(51,151)	(39,861)	(4,277)	(16,537)
Amounts due for settlement after 12 months	136,332	147,836	23,239	15,623
Secured	171,482	170,517	13,705	14,980
Unsecured	16,001	17,180	13,811	17,180
Total	187,483	187,697	27,516	32,160

The following outstanding balances are secured with the following:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Secured with:				
Development properties	77,757	97,114	-	-
Completed properties and land held for sale	31,111	-	-	-
Investment properties	18,862	20,135	13,705	14,980
Leasehold building	17,800	13,970	-	-
Buildings on freehold land	-	39,298	-	-
Non-current assets classified as held-for-sale	25,952	-	-	-
Total	171,482	170,517	13,705	14,980

The Group's and Company's long-term borrowings bear interest at rates ranging from 2.08% to 7.50% (2016 : 2.17% to 7.60%) per annum. The directors estimate the fair value of the Group's and Company's long-term borrowings to approximate the carrying amount and interest rates to approximate current market interest rates on or near the end of the reporting period.

On July 6, 2012, the Group executed a deed of subordination (the "Deed") to secure all liabilities and indebtedness of one of its subsidiaries, TEE Resources Sdn Bhd. The Deed is in line with the credit facilities of an aggregate principal amount of up to Malaysian Ringgit ("RM") 87,500,000 (equivalent to $28,297,500) (2016 : RM87,500,000 (equivalent to $29,330,000)) granted to TEE Resources Sdn Bhd by Malaysia Building Society Berhad.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

31 TERM NOTES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Notes issued under MTN Programme, net of issuance cost	29,939	29,758	-	-
Presentation on statements of financial position:				
Current liabilities	29,939	-	-	-
Non-current liabilities	-	29,758	-	-
Total	29,939	29,758	-	-

The Company and Group have in place $350 million and $600 million Multicurrency Medium Term Note Programme ("MTN Programme") respectively under which they can issue notes in series or tranches and may be denominated in Singapore dollars or other currency deemed appropriate at the time.

On October 27, 2014, the Group had completed the issuance of $30 million of Senior Unsecured Fixed Rate Notes (the "Notes") with tenure of 3 years under the MTN Programme. The Notes are unsecured, bear a fixed interest rate of 6.50% per annum payable semi-annually in arrears. The Notes will mature on October 27, 2017.

The fair value of the Group's term notes approximates their carrying amount.

32 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial guarantee liabilities	951	1,529	312	535
Less: Amounts shown under current liabilities	(199)	(606)	(86)	(224)
Amounts shown under non-current liabilities	752	923	226	311

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 LONG-TERM DEPOSIT

Long-term deposit is for the lease of premises located at 33 Changi North Crescent, Singapore (Note 21) for a period of 10 years from 2007. In 2016, the tenant had early vacated the premises and terminated the lease with the Company. The Company have received the rental deposit refund during financial year.

34 SHARE CAPITAL

	Group and Company			
	2017	**2016**	**2017**	**2016**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up:				
At beginning of the year	503,222,633	503,222,297	58,701	58,701
Issue of shares arising from exercise of warrants	406	336	*	*
At end of the year	503,223,039	503,222,633	58,701	58,701

** Denotes amount less than $1,000*

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

The Company issued 406 (2016 : 336) new ordinary shares upon the exercise of warrants with an exercise price of 25.0 cents per ordinary share.

35 TREASURY SHARES

	Group and Company			
	2017	**2016**	**2017**	**2016**
	Number of ordinary shares		**$'000**	**$'000**
Purchase of treasury shares during the year and at end of the year	1,270,400	-	269	-

The Company acquired 1,270,400 of its own shares through purchases on the Singapore Exchange during the year. 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 or pursuant to an employees' share scheme or as consideration for the acquisition of shares in or assets of another company or assets of a person.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

36 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.

37 CAPITAL RESERVE

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At beginning of the year	18,765	18,737	(42)	(42)
Acquisition of non-controlling interests in a subsidiary	28	28	-	-
At end of the year	18,793	18,765	(42)	(42)

38 NON-CONTROLLING INTERESTS

Included in non-controlling interests is an amount of $15,462,000 (2016 : $13,730,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of the subsidiary.

39 REVENUE

	Group	
	2017	2016
	$'000	$'000
Revenue from construction contracts	156,218	221,391
Sale of goods	2,333	274
Sale of development properties	75,566	21,416
Rental income	3,558	5,525
Hotel operations	12,061	10,869
Consultancy and service income	3,879	2,231
Total	253,615	261,706

Included in sale of development properties is an amount of $75,312,000 (2016 : $21,416,000) of revenue recognised based on the percentage of completion basis.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

40 OTHER OPERATING INCOME

	Group 2017 $'000	Group 2016 $'000
Interest income arising from:		
Fixed deposits	233	110
Associates (Notes 5 and 17)	1,057	1,310
Others	34	30
Gain on disposal of a subsidiary (Note 51)	-	54
Gain on disposal of an associate	1,301	-
Change in fair value of club membership (Note 19)	3	-
Change in fair value of held for trading investment	164	-
Gain on disposal of non-current asset held for sale (Note 15)	5,348	-
Gain on disposal of property, plant and equipment	2	2,215
Amortisation of financial guarantee liabilities	666	642
Management fees income	429	1,169
Government grant	212	280
Gain on dilution of equity interest in associates (Note 17)	-	3,068
Compensation received from a tenant	1,413	-
Others	684	529
Total	11,546	9,407

41 OTHER OPERATING EXPENSES

	Group 2017 $'000	Group 2016 $'000
Foreign currency exchange adjustment loss	344	1,226
Property, plant and equipment written off	547	39
Allowance for doubtful other receivables (Note 9)	193	354
Allowance for doubtful trade receivables (Note 8)	-	74
Other receivables written off	-	53
Trade receivables written off	2	1
Allowance for diminution in value on completed properties and land held for sale (Note 14)	3,301	534
Loss on dissolution of joint development (Note 52)	-	2,911
Impairment loss on club membership (Note 19)	-	4
Change in fair value of investment properties (Note 21)	2,469	-
Change in fair value of foreign exchange forward contract (Note 27)	(70)	70
Total	6,786	5,266

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

42 FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest on borrowings and bank overdrafts	13,412	11,217
Interest on obligations under finance leases	24	24
Total borrowing costs	13,436	11,241
Less: Amounts included in the cost of development properties, and completed properties and land held for sale (Note 14)	(3,255)	(2,448)
Net	10,181	8,793

43 INCOME TAX EXPENSE

	Group	
	2017	2016
	$'000	$'000
Current:		
- On the profit for the year	4,929	3,968
- Adjustment in respect of prior years	(728)	(502)
- Withholding tax expense	112	664
Deferred (Note 22):		
- Adjustment in respect of prior years	(53)	9
- Credit for the year	(996)	(3,112)
	3,264	1,027

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

43 INCOME TAX EXPENSE (cont'd)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2017	2016 (Restated)
	$'000	$'000
Profit before tax	2,296	12,404
Less: Share of results of associates and joint venture (Note 17)	2,095	(14,603)
	4,391	(2,199)
Tax at the domestic income tax rate of 17% (2016 : 17%)	746	(374)
Tax effect of income that are not taxable in determining taxable profit	1,831	732
Deferred tax benefits not recognised	643	832
Deferred tax benefits previously not recognised now utilised	(34)	(117)
Withholding tax expense	112	664
Overprovision of income tax in prior years	(728)	(502)
(Over) Under provision of deferred tax in prior years	(53)	9
Effect of different tax rates of overseas operations	1,225	38
Exempt income and tax rebate	(580)	(267)
Others	102	12
	3,264	1,027

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

43 INCOME TAX EXPENSE (cont'd)

Deferred tax assets have not been recognised as follows:

	Group	
	2017	2016
	$'000	$'000
Tax losses		
Amount at beginning of year	35,785	39,886
Adjustment in respect of prior years	(6,413)	(8,342)
Tax losses for the year	3,551	4,840
Utilised during the year	(199)	(599)
Amount at end of year	32,724	35,785
Other temporary differences		
Amount at beginning of year	712	592
Adjustment in respect of prior years	(56)	156
Amount during the year	229	56
Utilised during the year	-	(92)
Amount at end of year	885	712
Total	33,609	36,497
Deferred tax assets at 17% (2016 : 17%) not taken up in the financial statements	5,714	6,204

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and temporary differences available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

44 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging (crediting):

	Group	
	2017	2016
		(Restated)
	$'000	$'000
Directors' remuneration:		
Directors of the Company	1,643	2,229
Directors of the subsidiaries	1,939	1,979
Employee benefits expense (including directors' remuneration)	27,818	28,299
Costs of defined contribution plans included in employee benefits expense	1,439	1,540
Cost of development properties recognised as cost of sales	65,608	16,801
Audit fees:		
Auditors of the Company		
- current year	215	392
Other auditors		
- current year	243	206
- adjustment in respect of prior year	23	(5)
Non-audit fees:		
Auditors of the Company		
- current year	27	77
- adjustment in respect of prior year	1	10
Other auditors		
- current year	106	13

Retirement Benefit Obligations

The employees of TEE International Limited and certain of its subsidiaries are members of state-managed retirement benefit plans. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As at May 31, 2017, contributions of $215,000 (2016 : $207,000) due in respect of current financial year had not been paid over to the plans.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

45 DIVIDENDS

	Group and Company	
	2017	2016
	$'000	$'000
Tax-exempt one-tier final and special dividend paid in respect of previous year		
Cash	903	2,768
Tax-exempt one-tier interim dividend paid in respect of current year		
Cash	603	755
	1,506	3,523

46 (LOSS) EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on Group (loss) profit attributable to owners of the Company of ($1,569,000) (2016 : $9,062,000) divided by the weighted average number of ordinary shares (excluding treasury shares) of 502,361,650 (2016 : 503,222,353) in issue during the year.

Fully diluted earnings per ordinary share is calculated based on 502,361,650 (2016 : 503,222,353) ordinary shares (excluding treasury shares).

	Group			
	2017		2016	
	Basic	Diluted	Basic	Diluted
	$'000	$'000	$'000	$'000
			(Restated)	(Restated)
(Loss) Profit attributable to owners of the Company	(1,569)	(1,569)	9,062	9,062
Weighted average number of ordinary shares (excluding treasury shares) for the purposes of basic/diluted earnings per share	502,361,650	502,361,650	503,222,353	503,222,353
(Loss) Earnings per share (cents)	(0.31)	(0.31)	1.80	1.80

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

47 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2017	2016
	$'000	$'000
Minimum lease payments under operating leases recognised as expense in the year	857	2,321

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2017	2016
	$'000	$'000
Within one year	262	1,049
In the second to fifth year inclusive	45	45
Total	307	1,094

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouse and equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

The Company does not have outstanding commitments under non-cancellable operating leases.

The Group and Company as lessor

The Group and Company rent out its investment properties under operating lease to outside parties. Property rental income earned by the Group and Company during the year was $1,377,000 (2016 : $3,355,000) and $Nil (2016 : $1,957,000) respectively.

At the end of the reporting period, the Group and Company have contracted with tenants for the following future minimum lease payments:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Within one year	292	291	-	-
In the second to fifth year inclusive	83	333	-	-
Total	375	624	-	-

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

48 SEGMENT INFORMATION

The Group is organised into four major operating divisions – Corporate & Other, Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. Certains assets, liabilities and profit and loss items are also reallocated to the respective segments. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

Corporate & Other involves a range of activities from corporate exercises and include income and expenses not attributable to other operating segments. Engineering involves providing mechanical and electrical work relating to the expansion and improvement of infrastructure, constructing new buildings and converting existing buildings and facilities for new uses and offering turnkey approaches to the construction of infrastructure as well as in system development from system definition, system development and system deployment. Real estate involves the development and sale of private residential properties and investment in hotels and properties. Infrastructure business offers infrastructure solutions in the areas of water and energy related projects. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services.

(a) Reportable Operating Segment Information

In accordance with FRS 108 *Operating Segments*, management has determined the operating segments based on the reports regularly reviewed by the Group Chief Executive that are used to make strategic decisions.

Segment revenue and expenses: Segment revenue and expenses are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of cash and bank balances, operating receivables, loans to associates, construction work-in-progress in excess of progress billings, inventories, development properties, available-for-sale investment, investment in associates, investment in joint venture, club membership, completed properties and land held for sale, deferred tax assets, property, plant and equipment, intangible assets and investment properties, net of allowances. Segment liabilities include all operating liabilities used by a segment and consist principally of bank loans and overdrafts, operating payables, progress billings in excess of construction work-in-progress, provision for maintenance costs, income tax payable, finance leases, term notes, long term borrowings, long-term loan, long-term deposit, financial guarantee liabilities, derivative financial instruments and deferred tax liabilities.

Inter-segment transfers: Segment revenue and expenses include transfers between operating segments. Inter-segment sales are charged at cost plus a percentage of profit mark-up. These transfers are eliminated on consolidation.

48 SEGMENT INFORMATION (cont'd)

	Corporate & Other		Engineering		Real Estate		Infrastructure		Elimination		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(Restated)		(Restated)		(Restated)						(Restated)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue												
External sales	-	1,957	161,660	223,064	89,004	33,685	2,951	3,000	-	-	253,615	261,706
Inter-segment sales	3,384	7,076	64,107	39,495	1,204	1,204	593	571	(69,288)	(48,346)	-	-
Total revenue	3,384	9,033	225,767	262,559	90,208	34,889	3,544	3,571	(69,288)	(48,346)	253,615	261,706
Segment results												
Segment results	(341)	3,668	10,714	11,584	10,180	(2,907)	699	428	(6,680)	(6,179)	14,572	6,594
Share of results of associates and joint venture	-	-	291	519	(2,090)	14,737	(296)	(653)	-	-	(2,095)	14,603
Finance costs	(1,799)	(1,916)	(1,995)	(1,742)	(6,279)	(4,997)	(154)	(184)	46	46	(10,181)	(8,793)
Profit before tax	(2,140)	1,752	9,010	10,361	1,811	6,833	249	(409)	(6,634)	(6,133)	2,296	12,404
Income tax expense	-	-	(536)	(1,103)	(2,669)	179	(59)	(103)	-	-	(3,264)	(1,027)
(Loss) Profit for the year	(2,140)	1,752	8,474	9,258	(858)	7,012	190	(512)	(6,634)	(6,133)	(968)	11,377
Segment assets												
Segment assets	29,719	29,213	131,760	148,185	366,672	351,616	1,095	1,158	-	-	529,246	530,172
Investment in associates and joint venture	-	-	891	1,360	40,269	47,667	8,027	11,109	-	-	49,187	60,136
Deferred tax assets	-	-	67	-	3,784	2,643	-	-	-	-	3,851	2,643
Total assets	29,719	29,213	132,718	149,545	410,725	401,926	9,122	12,267	-	-	582,284	592,951
Segment liabilities												
Segment liabilities	942	2,386	100,412	105,090	37,495	37,611	3,879	2,734	-	-	142,728	147,821
Loans and borrowings	34,616	39,340	43,958	43,474	189,266	188,472	65	72	-	-	267,905	271,358
Income tax payable	-	-	2,015	2,101	3,581	3,464	-	18	-	-	5,596	5,583
Deferred tax liabilities	-	-	25	34	374	209	30	30	-	-	429	273
Total liabilities	35,558	41,726	146,410	150,699	230,716	229,756	3,974	2,854	-	-	416,658	425,035

48 SEGMENT INFORMATION (cont'd)

	Corporate & Other		Engineering		Real Estate		Infrastructure		Elimination		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other information												
Depreciation	197	189	295	329	1,407	3,289	34	47	-	-	1,933	3,854
Gain from dilution of equity interest in associates	-	-	-	-	-	(1,254)	-	(1,814)	-	-	-	(3,068)
Allowance for diminution in value of completed properties held for sale	-	-	-	-	3,301	534	-	-	-	-	3,301	534
Change in fair value of investment properties	2,000	-	-	-	469	-	-	-	-	-	2,469	-
Allowance for doubtful other receivables	-	-	193	354	-	-	-	-	-	-	193	354
Gain on disposal of non-current asset held for sales	-	-	-	-	(5,348)	-	-	-	-	-	(5,348)	-
Gain on disposal of property, plant and equipment	-	-	(2)	(2,215)	-	-	-	-	-	-	(2)	(2,215)
Gain on disposal of an associate	-	-	-	-	-	-	(1,301)	-	-	-	(1,301)	-
Loss on dissolution of joint development	-	-	-	-	-	2,911	-	-	-	-	-	2,911
Property, plant and equipment written off	-	-	5	38	542	-	-	1	-	-	547	39
Change in fair value of held for trading investment	-	-	-	-	-	-	(164)	-	-	-	(164)	-
Purchase of property, plant and equipment	132	124	199	418	7,774	15,965	40	6	-	-	8,145	16,513

48 SEGMENT INFORMATION (cont'd)

b) Geographical Information

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment non-current assets: Segment non-current assets (excluding bank balances pledged, held-to-maturity financial asset, other receivables, loans receivables and deferred tax assets) are analysed based on the location of those assets.

	Revenue		Non-current assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	169,021	201,495	94,603	107,873
Malaysia	65,618	44,668	523	706
Thailand	2,951	3,000	57	83
Vietnam	254	-	-	-
Hong Kong	2,333	274	896	1,367
Australia/ New Zealand	13,438	12,269	9,759	75,532
Total	253,615	261,706	105,838	185,561

49 EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the Group announced that a subsidiary has entered into six option-to-purchase agreements ("OTP"), whereby each OTP is to acquire the freehold interest in a plot of land located at 1, 1A, 1B, 1C, 1D and 1E, Seraya Crescent, Singapore respectively with a total land area of approximately 2,236.1 square metre ("Land") ("Proposed Acquisition"). The total purchase consideration for the Land is S$25,740,000. The plan is to build a block of residential apartments on the Land. The Proposed Acquisition is subject to legal due diligence and is expected to be completed by January 2018. The Proposed Acquisition will be financed by internal funds and bank borrowings.

50 INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT

In April 2012, the Company announced that it has been informed by Mr. Bertie Cheng Shao Shiong, the Independent Director and Non-Executive Chairman of the Company, and Mr. Phua Chian Kin, the Group Chief Executive and Managing Director, that they are the subject of investigation by the Commercial Affairs Department ("CAD") on possible contravention of market rigging provision in the Securities and Futures Act (Chapter 289). Mr. Cheng and Mr. Phua have indicated that they will cooperate fully with the CAD in its investigation, and are providing CAD with access to the relevant records for the period from July 1, 2008 to March 31, 2009.

To its best knowledge, the Board of Directors of the Company is not aware that the CAD investigation had any impact on the Group and Company.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

51 DISPOSAL OF SUBSIDIARY

On March 15, 2016, the Company had disposed its interest in TEE Vietnam Co. Ltd.

Details of the disposal are as follows:

	2016
	$'000
Book value of net assets over which control was lost:	
Current asset	
Other receivables, representing total current asset	11
Current liabilities	
Other payables	14
Inter-company payable	51
Total current liabilities	65
Net liabilities derecognised	(54)
Gain on disposal:	
Consideration received	-
Net liabilities decrecognised	54
Gain on disposal	54

The gain on disposal of the subsidiary is recorded as part of other operating income (Note 40) from disposal of subsidiary in the statement of profit or loss and other comprehensive income.

52 DISSOLUTION OF JOINT DEVELOPMENT

As referred in Note 9 to the financial statements, in March 2010, the Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore, into 2 properties, The Peak @ Cairnhill I and The Peak @ Cairnhill II. Upon the completion of both properties, the Group dissolved the joint development in May 2016. All the unsold units in The Peak @ Cairnhill II and The Peak @ Cairnhill I are transferred to the joint developer and the Group respectively.

Details of the Peak @ Cairnhill II are as follows:

Name of property/location	Description	Tenure	Estimated percentage of Completion	Year to be completed	Land area (sq m)	Gross floor area (sq m)
Property in the course of development:						
The Peak @ Cairnhill II 55, 57, 59 and 61 Cairnhill Circle, Singapore	60 units of residential apartment	Freehold	100%	December 2015	1,509	4,642

Carrying amounts of net assets

	2016
	$'000
Current assets	
Completed properties held for sale	25,670
Other receivables	55
Cash and bank balances	279
Total current assets	26,004
Non-current liabilities	
Long-term borrowings	(18,360)
Total non-current liabilities	(18,360)
Current liabilities	
Trade payables	(9)
Other payables	(1,424)
Total current liabilities	(1,433)
Net assets derecognised	6,211

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

52 DISSOLUTION OF JOINT DEVELOPMENT (cont'd)

Details of The Peak @ Cairnhill I are as follows:

Assets acquired and liabilities assumed

	2016
	$'000
Current assets	
Completed properties held for sale	18,098
Other receivables	32
Cash and bank balances	1,310
Total current assets	19,440
Non-current liabilities	
Long-term borrowings	(9,682)
Total non-current liabilities	(9,682)
Current liabilities	
Trade payables	(77)
Other payables	(1,719)
Total current liabilities	(1,796)
Net assets acquired and liabilities assumed	7,962

The net loss on dissolution of joint development in the statement of profit or loss and other comprehensive income is as follows:

	2016
	$'000
Net assets derecognised	(6,211)
Net assets acquired and liabilities assumed	7,962
Write off of receivables due from joint developer (Note 9)	(4,662)
Loss on dissolution of joint development (Note 38)	(2,911)

Net cash (outflow) inflow arising from dissolution of joint development:

Cash and cash equivalents outflow	(279)
Cash and cash equivalents inflow	1,310
Cash and cash equivalents arising from dissolution of joint development	1,031

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

53 PRIOR YEAR ADJUSTMENT

Retrospective restatements have been made to reflect variable bonus paid subsequent to financial year to the appropriate financial year. The effects of these restatements on the prior years' financial statements are as follows:

	As previously reported	Adjustment	As restated
	$'000	$'000	$'000
Statement of Financial Position as at May 31, 2016			
Group			
Other payables (current)	31,441	1,119	32,560
Accumulated profits	23,590	(1,119)	22,471
Company			
Other payables (current)	54,412	125	54,537
Accumulated profits	911	(125)	786
Statement of Financial Position as at June 1, 2015			
Group			
Other payables (current)	26,101	1,777	27,878
Accumulated profits	18,709	(1,777)	16,932
Company			
Other payables (current)	42,528	252	42,780
Accumulated profits	2,808	(252)	2,556
Group			
Consolidated Statement of Profit or loss and other Comprehensive Income for the year ended May 31, 2016			
Administrative expenses	(25,123)	658	(24,465)
Net profit for the year	10,719	658	11,377
Earnings per share			
Basic (cents)	1.67	0.13	1.80
Diluted (cents)	1.67	0.13	1.80

The management is of the view that the additional information in the notes to the financial statements relating to June 1, 2015 would not provide additional informative value. Accordingly, comparatives for 2015 is not presented in the notes to the financial statements.

SHAREHOLDERS' INFORMATION

AS AT 10 OCTOBER 2017

Issued and Fully Paid-up Capital (including Treasury Shares)	:	S$58,700,878.30
Issued and Fully Paid-up Capital (excluding Treasury Shares)	:	S$58,432,229.69
Number of Shares Issued (including Treasury Shares)	:	503,223,039
Number of Treasury Shares held	:	1,270,400
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	192	11.23	3,405	0.00
100 - 1,000	117	6.85	65,335	0.01
1,001 - 10,000	541	31.65	3,399,583	0.68
10,001 - 1,000,000	829	48.51	67,706,265	13.49
1,000,001 and above	30	1.76	430,778,051	85.82
TOTAL	1,709	100.00	501,952,639	100.00

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	Number of Shares held	%
1	Hong Leong Finance Nominees Pte Ltd	88,027,213	17.54
2	DB Nominees (S) Pte Ltd	51,988,295	10.36
3	KGI Securities (Singapore) Pte Ltd	51,464,173	10.25
4	CIMB Securities (Singapore) Pte Ltd	37,171,375	7.41
5	Lincoln Capital Pte. Ltd.	25,967,321	5.17
6	SBS Nominees Pte Ltd	23,837,901	4.75
7	RHB Securities Singapore Pte Ltd	19,123,522	3.81
8	Phua Chian Kin	16,372,202	3.26
9	United Overseas Bank Nominees Pte Ltd	14,718,585	2.93
10	Phillip Securities Pte Ltd	13,415,975	2.67
11	Citibank Nominees Singapore Pte Ltd	13,391,303	2.67
12	DBS Nominees Pte Ltd	12,002,280	2.39
13	Tay Kuek Lee	9,845,340	1.96
14	Cheng Shao Shiong @ Bertie Cheng	7,500,000	1.49
15	Maybank Kim Eng Securities Pte Ltd	6,783,215	1.35
16	4 P Investments Pte Ltd	6,680,924	1.33
17	Raffles Nominees (Pte) Ltd	6,356,390	1.27
18	Lum Tuck Seng	4,346,360	0.86
19	UOB Kay Hian Pte Ltd	2,795,278	0.56
20	Ong Boon Chuan	2,795,100	0.56
	TOTAL	414,582,752	82.59

SHAREHOLDERS' INFORMATION

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 10 October 2017

	Direct Interest	%	Deemed Interest	%
Phua Chian Kin[1]	282,738,056	56.33	17,423,004	3.47
Lincoln Capital Pte. Ltd.[2]	25,967,321	5.17	-	-

Notes:

1 Mr. Phua Chian Kin is deemed to have an interest in the 17,423,004 ordinary shares held by his spouse, Mdm. Tay Kuek Lee and 4 P Investments Pte. Ltd., where he is a shareholder. A total of 266,365,854 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, OCBC Securities Private Limited, RHB Securities Singapore Pte Ltd and KGI Fraser Securities Pte Ltd.

2 Mr. Tan Soon Hoe, through his 100% shareholding interest in Lincoln Capital Pte. Ltd., is deemed to have an interest in the shares held directly by Lincoln Capital Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 10 October 2017, approximately 31.91% 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.

NOTICE OF ANNUAL GENERAL MEETING

TEE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No.: 200007107D)

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of TEE International Limited ("**the Company**") will be held at Carlton Hall, Level 2, York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 13 November 2017, Monday, at 3.00 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 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Constitution of the Company:

   Mr. Gn Hiang Meng **(Resolution 2)**
   Ms. Saw Chin Choo **(Resolution 3)**

   - *Mr. Gn Hiang Meng will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and Nominating Committee respectively and a member of the Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

3. To approve the payment of Directors' fees of up to S$310,750 for the financial year ending 31 May 2018 to be paid quarterly in arrears. (2017: S$321,750). **(Resolution 4)**

4. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. 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:

6. **Authority to issue new shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

NOTICE OF ANNUAL GENERAL MEETING

(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.

[See Explanatory Note (i)] **(Resolution 6)**

7. **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.

[See Explanatory Note (ii)] **(Resolution 7)**

8. **Authority to issue shares under the TEE International Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to issue such number of Shares in the Company as may be required to be issued pursuant to the TEE International Limited Scrip Dividend Scheme from time to time in accordance to the "Terms and Conditions of the Scrip Dividend Scheme" set out in pages A-2-2 to A-2-8 of the Circular to Shareholders dated 4 September 2013 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. **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.

[See Explanatory Note (iv)] **(Resolution 9)**

10. **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.

[See Explanatory Note (v)] **(Resolution 10)**

By Order of the Board

Ms. Yeo Ai Mei
Ms. Josephine Toh
Company Secretaries

Singapore, 27 October 2017

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 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.

NOTICE OF ANNUAL GENERAL MEETING

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to purchase or otherwise acquire ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares 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 2017 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares in the Company from time to time pursuant to the TEE International Limited Scrip Dividend Scheme.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares 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 10 proposed in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held 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. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. Please see the enclosed Proxy Form and the Notes to Proxy Form for more information.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy TEE International Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ______________________________(Name) ______________(NRIC/Passport Number)

of ____(Address)

being a member/members of TEE International Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on 13 November 2017 at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	[1] No. of Votes For	[1] No. of Votes Against
1	Directors' Statement and Audited Financial Statements for the year ended 31 May 2017		
2	Re-election of Mr. Gn Hiang Meng as a Director		
3	Re-election of Ms. Saw Chin Choo as a Director		
4	Approval of Directors' fees for the financial year ending 31 May 2018 to be paid quarterly in arrears		
5	Re-appointment of Deloitte & Touche LLP as Auditors		
6	Authority to issue new shares		
7	Renewal of Share Buy-Back Mandate		
8	Authority to issue shares under the TEE International Limited Scrip Dividend Scheme		
9	Authority to issue shares under the TEE International Employee Share Option Scheme 2016		
10	Authority to issue shares under the TEE International Performance Share Plan 2016		

[1] If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (√) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate in the boxes provided.

Dated this ______________ day of ______________ 2017

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. Please insert the total number of shares of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member shall specify the proportion of his/her shares to be represented by each proxy, failing which the appointment shall be deemed to be in the alternative.

4. A member who is a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 25 Bukit Batok Street 22, TEE Building, Singapore 659591 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 a proxy or proxies 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.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 27 October 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman, Independent Director
Mr. Bertie Cheng Shao Shiong

Group Chief Executive & Managing Director
Mr. Phua Chian Kin

Deputy Group Managing Director
Mr. Phua Boon Kin

Executive Director
Ms. Saw Chin Choo

Independent Director
Mr. Lee Ah Fong

Independent Director
Mr. Gn Hiang Meng

Independent Director
Mr. Aric Loh Siang Khee

AUDIT COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Lee Ah Fong
Mr. Aric Loh Siang Khee

NOMINATING COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Phua Chian Kin
Mr. Lee Ah Fong

REMUNERATION COMMITTEE

Chairman
Mr. Lee Ah Fong

Members
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

EXECUTIVE COMMITTEE

Chairman
Mr. Phua Chian Kin

Members
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

JOINT COMPANY SECRETARIES

Ms. Yeo Ai Mei, CA
Ms. Josephine Toh Le Mui, ACIS

REGISTERED OFFICE

UEN: 200007107D
TEE Building
25 Bukit Batok Street 22
Singapore 659591
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: IR@teeintl.com
Website: www.teeintl.com

DATE OF INCORPORATION

August 15, 2000

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

INDEPENDENT AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Audit Partner-in-charge:
Mr. Kee Cheng Kong, Michael
(Appointed with effect from FY2017)

INVESTOR RELATIONS

Ms. Celine Ooi
Tel: (65) 6697 6589
Fax: (65) 6565 1738
Email: IR@teeintl.com

PRINCIPAL BANKERS

Hong Leong Finance Limited
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

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