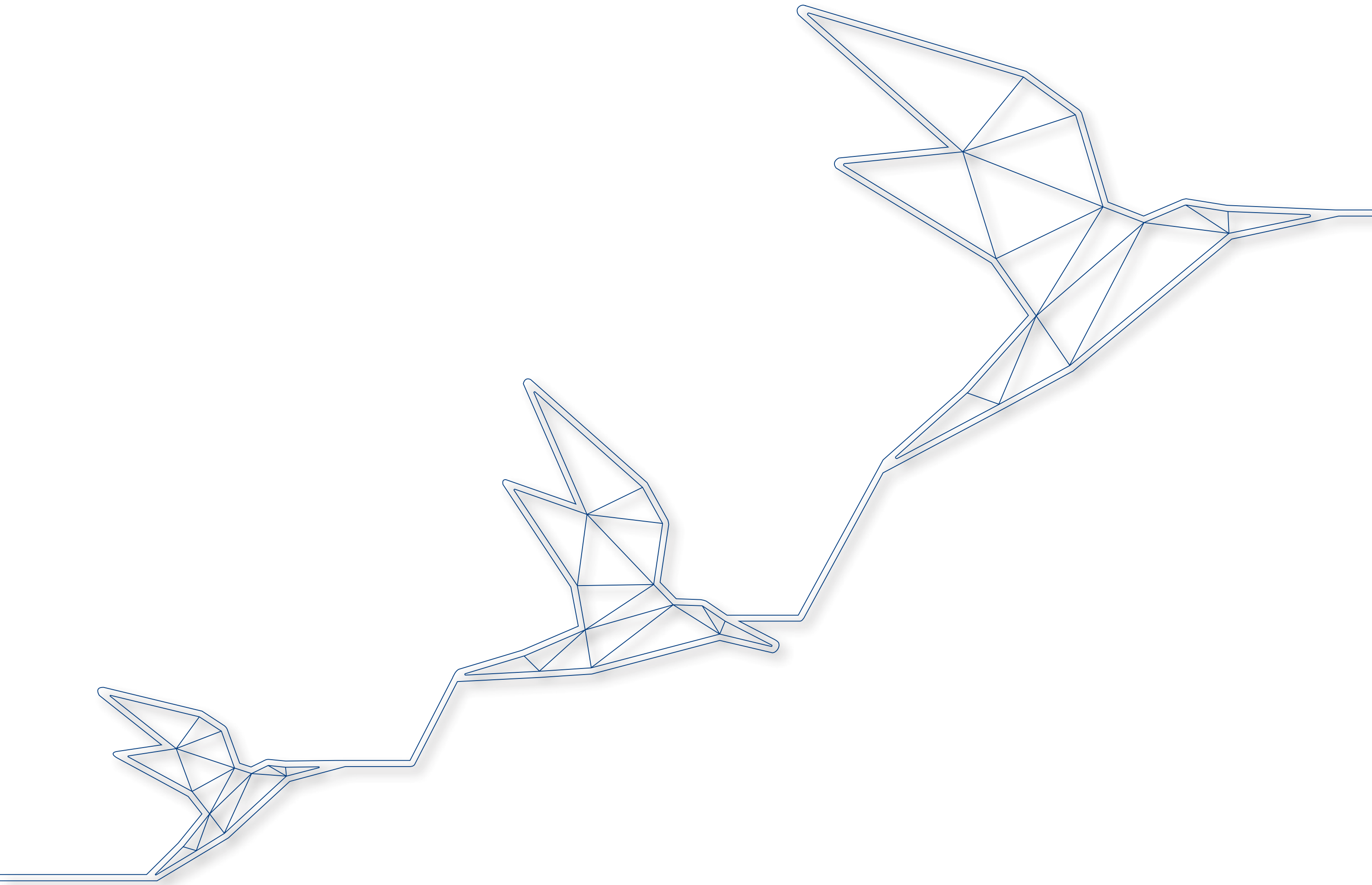
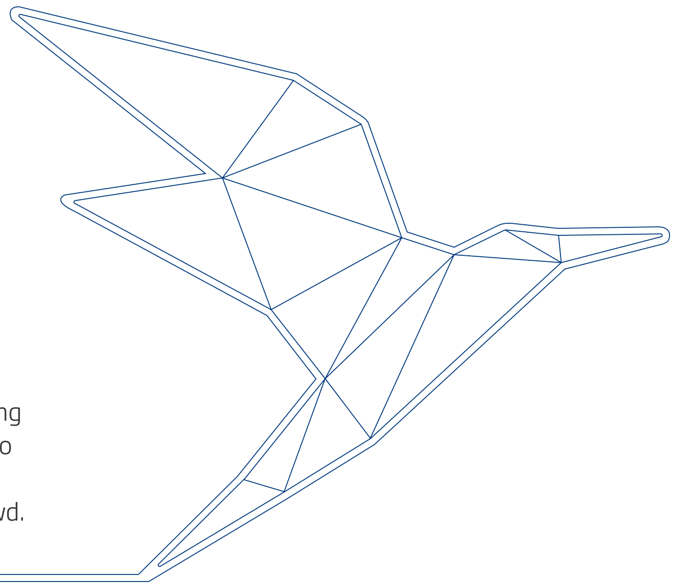
TEE International Limited

TEE International Limited • Annual Report 2014

Gearing Up Growth



Polygon originates from Greek language.
Poly - meaning "many"
Gon - meaning "angle"
Polygons can be of different shapes with many intersecting angles and perspectives. Similarly, we believe our ability to offer fresh and innovative perspectives after analysing all possible angles to a challenge sets us apart from the crowd.



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KEY READS WITHIN THIS REPORT

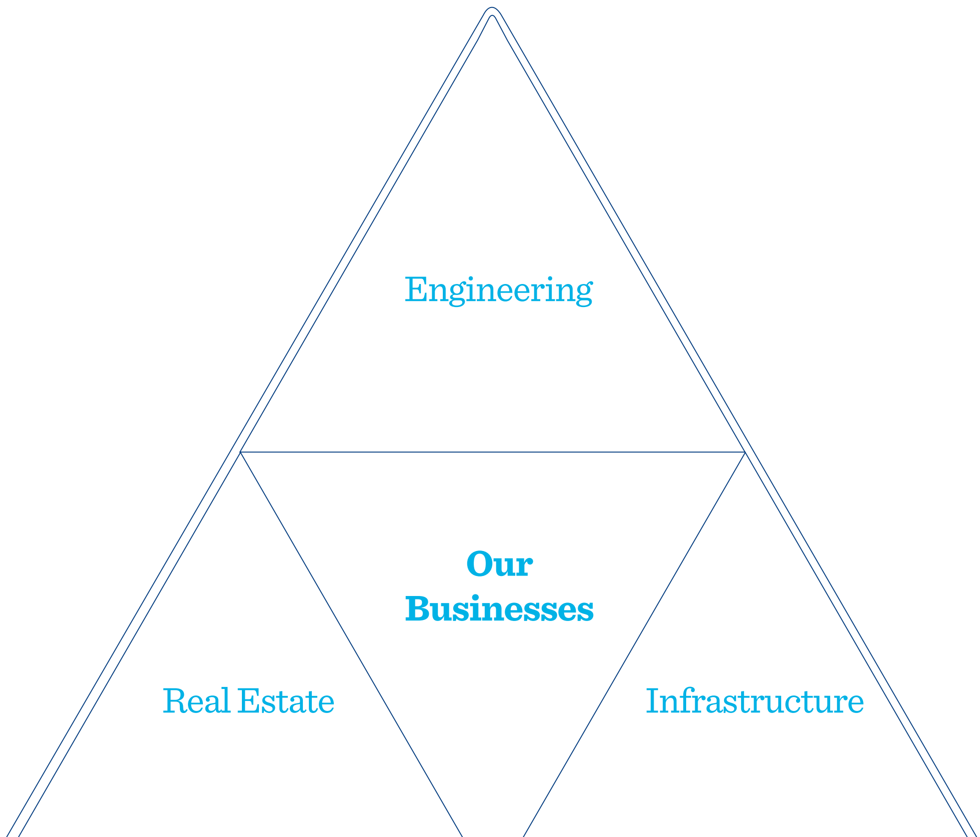
CORPORATE PROFILE

TEE International Limited ("TEE" or together with its subsidiaries and associate companies, "TEE Group") was established in the 1980s, and has grown from a general electrical contractor to an established Integrated Engineering, Real Estate and Infrastructure Group. With its operations spanning primarily in Singapore, Thailand, Malaysia, Hong Kong and New Zealand, TEE Group continues to focus on its core Engineering specialisation to grow its Infrastructure business alongside its complementary Real Estate business.

Listed on the Stock Exchange of Singapore Dealing and Automated Quotation System "SESDAQ" (now known as the SGX Catalist) in 2001, TEE was upgraded to the SGX Mainboard in 2008.

Over the years, TEE Group has established a strong track record in delivering quality and value-added services by providing integrated solutions to its customers. With a strong brand position, TEE has been able to secure prominent projects both locally and regionally.

With its people at the centre of the TEE Group's business model, TEE branches out through its integrated platform – Engineering, Infrastructure and Real Estate by tapping on the expertise, experience and capabilities of its people. TEE has expanded its regional presence in the Asia-Pacific region either directly by TEE Group or through strategic partnerships and acquisitions.



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.

FINANCIAL HIGHLIGHTS

How we performed this financial year ended 31 May 2014

Delivering Value

- Total dividends amount to 0.95 Singapore cents.
- Engineering group order book stands at S$420*m.

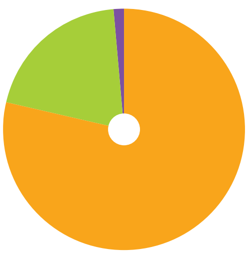
Revenue (S$m)

Net Profit For The Year (S$m)

Shareholders' Equity (S$m)

* Total outstanding order book constitute orders as at 31 May 2014 and the addition of new contracts since then.

Revenue Breakdown



Engineering 78.8%

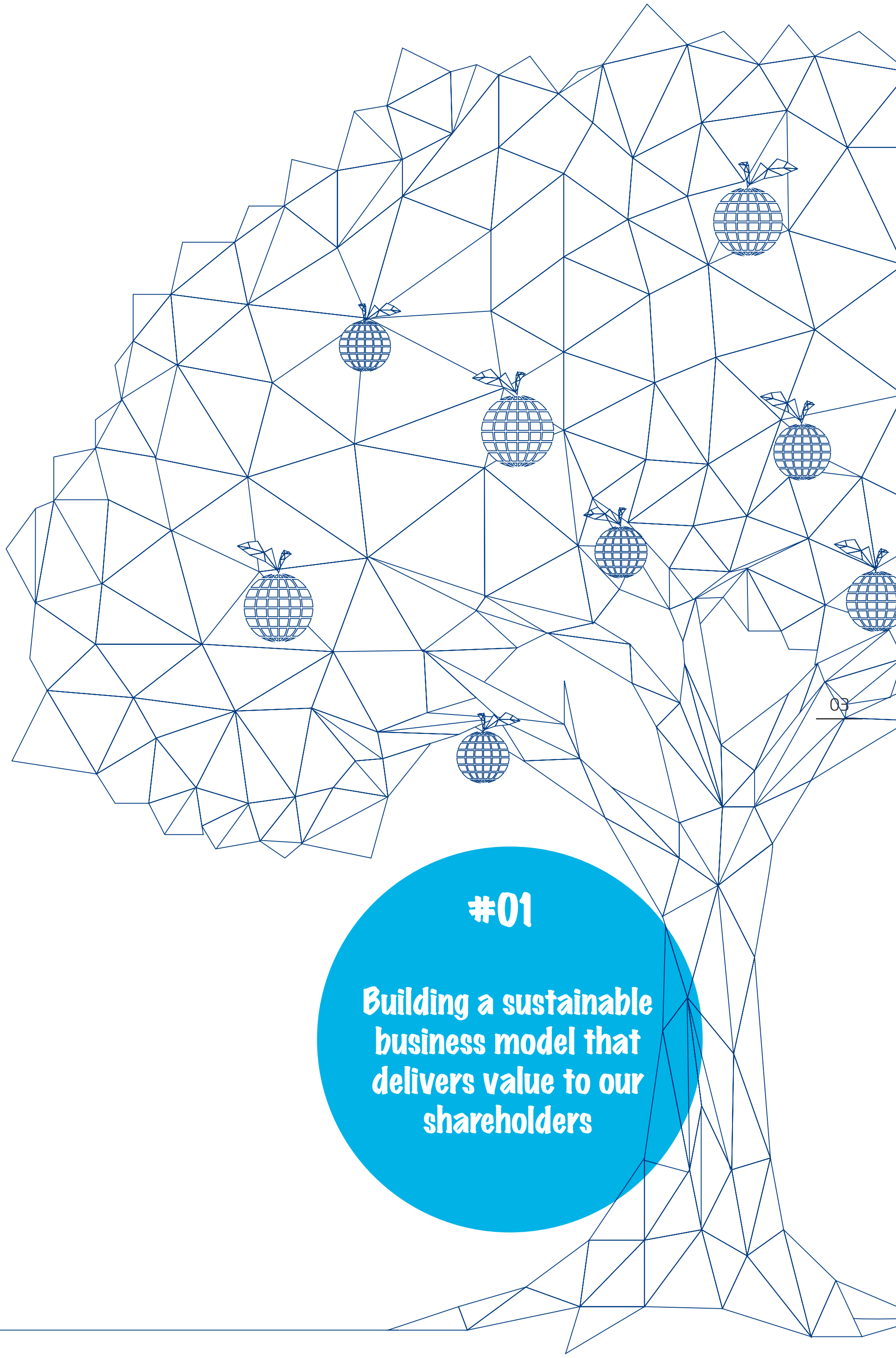
S$159.8m

Real Estate 19.9%

S$40.3m

Infrastructure 1.3%

S$2.7m



#01

Building a sustainable business model that delivers value to our shareholders

TEE'S GROWTH STRATEGY

Our strategic blueprint

Enhancing Our Competitive Edge

1

Leveraging on Core Fundamentals in Engineering

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

2

Integrated Business Platform enhances Business Synergies

Through an integrated business platform that is made up of our three main businesses, Engineering, Real Estate and Infrastructure businesses, we are able to create synergies and value for TEE Group. By virtue of our established track record and capabilities built from 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 to build a long-term recurring income, while enjoying the immediate benefit of adding these projects to our engineering order book.

3

Strengthening Foothold in Overseas Markets

Over the years, TEE Group has established its presence in the Asia-Pacific region such as geographic markets including Malaysia, Thailand, China, Hong Kong, Macao, Australia and New Zealand via our various businesses. Today, we will 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.

#02

A new spectacular development in Singapore

TEE AT A GLANCE

OUR DISTINCTIVE PORTFOLIO

Our Market Presence

• Singapore	• Hong Kong
• Thailand	• Macao
• Malaysia	• China
• Vietnam	• New Zealand
• Philippines	• Australia

Some of our Significant Projects

Engineering

1 Marina Bay Sands Integrated Resort
2 Asia Square Tower I
3 NTU CleanTech Park 1
4 Junction 8

Real Estate

5 Chewathai RBF 2
6 Chewathai Ramkhamhaeng
7 Workotel
8 91 Marshall

Infrastructure

9 CMC Communications
10 Bang Poo Wastewater Treatment Plant
11 Bangsue Wastewater Treatment Plant


1


5


9


10

#03

TEE Group continues to focus on its Engineering, Real Estate and Infrastructure businesses for long-term growth


citibank
2


3


JUNCTI8N
4


6


Workotel
7


91
8


11

TEE AT A GLANCE

ENGINEERING BUSINESS

TEE's proven track record in delivering quality and value-added services, has won a strong recognition amongst 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.

TEE was established in 1991 as an engineering sub-contractor and has since grown into an integrated engineering solutions provider for office 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, National University of Singapore, Nanyang Technological University, Hyundai Engineering and Construction etc. 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.

#04

With our strong brand position, TEE has been able to secure prominent projects locally, in ASEAN as well as in the Greater China region

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

Building and Construction Division

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

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

ENGINEERING BUSINESS	
1	P&G Singapore Innovation Centre
2	Upgrading of Corporation Place Project
3	Raffles Education Corporation Project
4	1,500-unit Affordable Housing Project in Brunei

TEE AT A GLANCE

REAL ESTATE BUSINESS

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”). Its property development projects are pre-dominantly 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, Vietnam, Australia and New Zealand. By incorporating core expertise and past experience from TEE Group’s Engineering business, TEE Land brings better value property development to its customers via more effective project management system that translates to good and timely execution of projects in all the developments.

Going forward, TEE Land will continue to increase its exposure in residential, commercial and industrial development projects, while concurrently expanding its income generating portfolio of properties. Some of the more notable recent developments for FY2014 include the acquisition of the former Longhouse site in Singapore, the launch of the maiden Malaysia project in Cyberjaya, TOP of TEE Land’s third project in Bangkok, Thailand and the addition of Workotel, a mid-term workers accommodation in Christchurch, New Zealand.

In addition, while TEE Land seeks to undertake more property development projects on its own, it remains open to strategic partnerships and joint ventures to co-operate with like-minded partners of complementary strengths to enhance and accelerate the future growth of TEE Land.

#05

TEE Group has an established track record in delivering quality and well-designed residential property developments

REAL ESTATE BUSINESS

1 Third Avenue

2 Chewathai Interchange

Artist Impression

Artist Impression

INFRASTRUCTURE AND INFRASTRUCTURE-RELATED BUSINESS

Continued urbanisation rate in Asia Pacific have spurred demand for the region's supporting infrastructure, and it is opening up markets for new investments. Global capital project and infrastructure spending is expected to grow to more than $9 trillion annually by 2025[1]. The Asia-Pacific market, driven by China's growth, will account for 60 per cent of global infrastructure spending by 2025.

With 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 extension of and complementary to the Engineering business.

On 31 October 2013, TEE established a wholly owned subsidiary, TEE Infrastructure Private Limited ("TEE Infrastructure") to offer comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services throughout Asia-Pacific. This includes the delivery of engineering services across the full life cycle, from project feasibility and funding advisory through design and build, to funding, operate and maintenance. TEE Infrastructure is actively seeking to build up its infrastructure assets mainly related to water and energy, through acquisitions of mature assets and development of greenfield projects across Asia Pacific.

Together with 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.

Similarly, by way of a joint venture with CMC Engineering Sdn Bhd, TEE had expanded into the telecommunications engineering industry. Through this joint venture, TEE acquired Trisilco Folec Pte Ltd together with its subsidiary, Trisilco Folec Philppines Inc, and Keppel Communications (Thailand) Co., Ltd from the subsidiaries of Keppel Telecommunications & Transportation Ltd. The acquired companies were subsequently renamed and operating under the CMC Communications brand in Singapore, Malaysia, Thailand and the Philippines. This strategic acquisition was aimed at expanding TEE Group's capabilities by leveraging on well-established players in infrastructure engineering; outdoor and in-building management, program management and design engineering; IT services and outsourcing; and broadband wireless solutions.

INFRASTRUCTURE AND INFRASTRUCTURE-RELATED BUSINESS

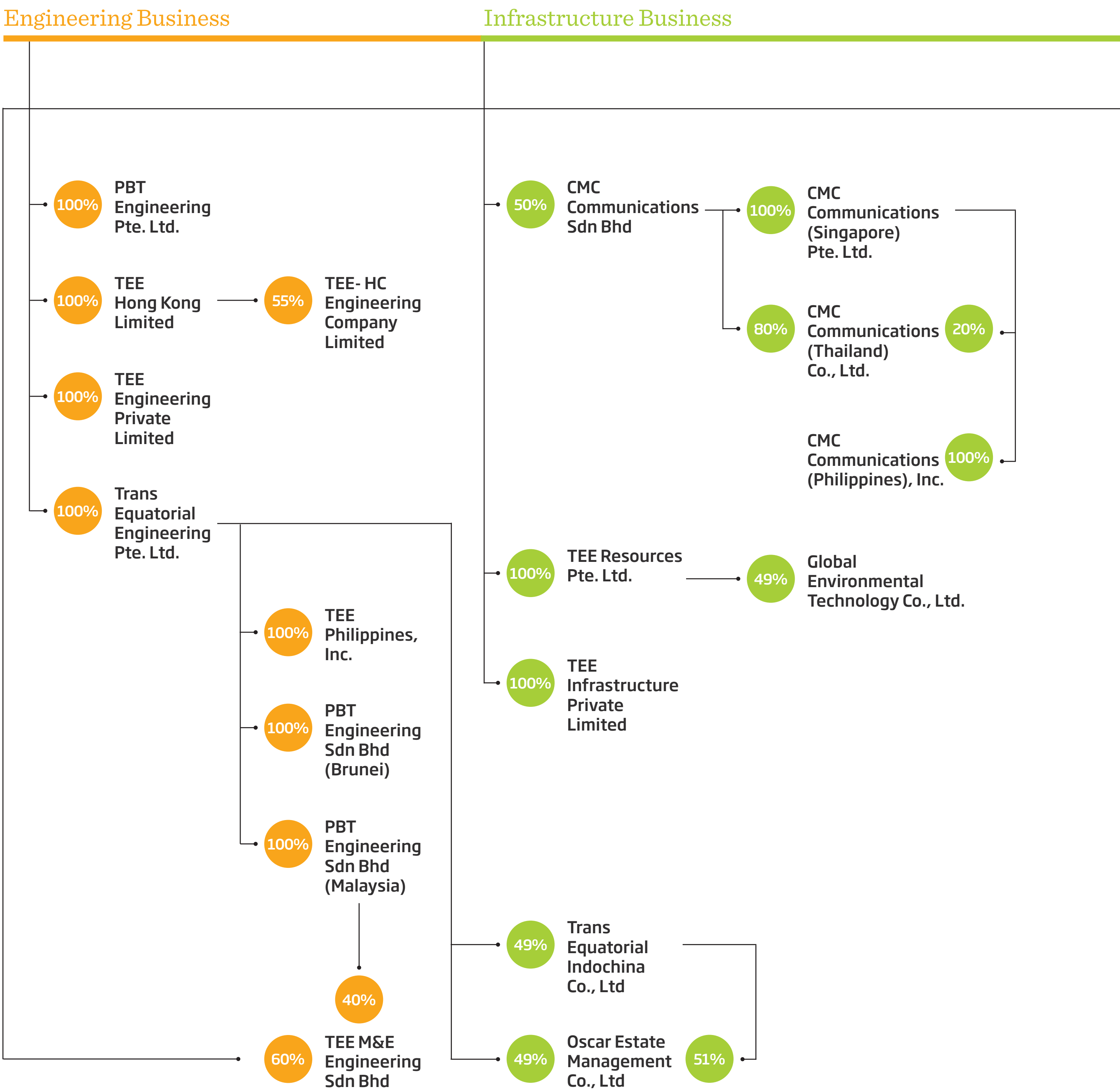
1	Mini Hydro Plant
2	Solar Energy
3	Telecommunications Engineering
4	Wastewater Treatment Plant

#06

Continued urbanisation rate in Asia Pacific have spurred demand for the region's supporting infrastructure

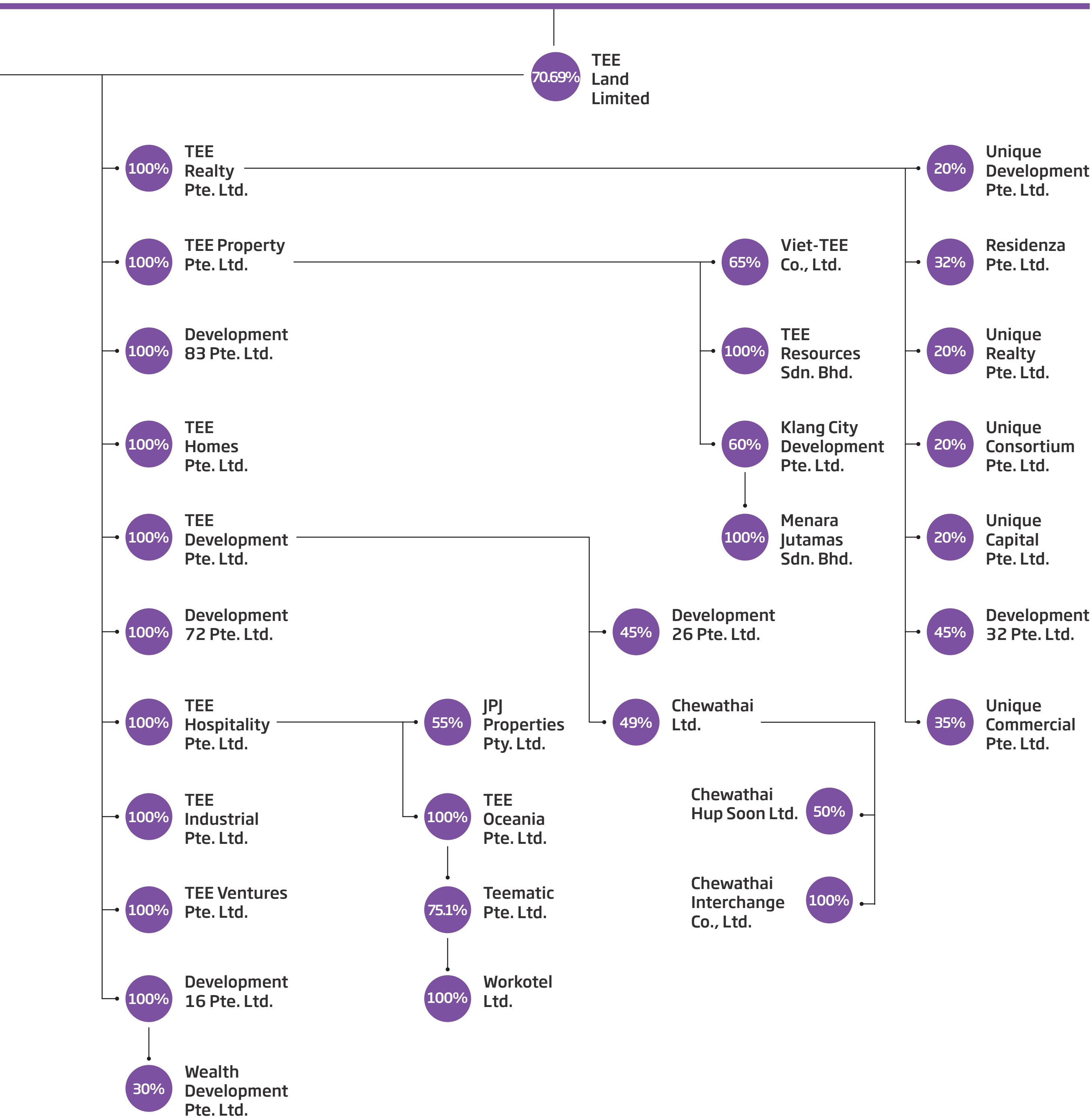
1. Capital project and infrastructure spending: Outlook to 2025 http://www.pwc.com.cy/en/press-releases/2014/capital-projects-infrastructure-spending-to-grow.jhtml

CORPORATE STRUCTURE



Group corporate structure as at 15 August 2014 does not include dormant subsidiaries and associate companies with less than 20% stake.

Real Estate Business



YEAR IN REVIEW

What we have done this year

Steady Progress

2013

2014

September 2013
TEE Land completed a property acquisition in Bangsue, Thailand – to redevelop it into a 26-storey residential development

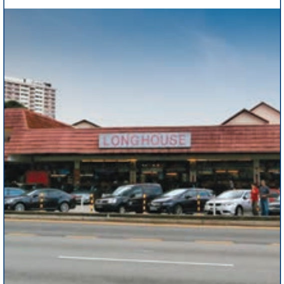
October 2013
TEE Infrastructure Private Limited was incorporated to offer sustainable solutions for infrastructure projects in Asia Pacific

November 2013
Establishment of a S$350,000,000 Multicurrency Medium Term Note Programme

TEE Land completed land acquisition in Rayong Province, Thailand to build "Ready Built Factories" for rent

December 2013
Signed a sub-contract to deliver a S$142m M&E package for Marina South Mixed Development Project

January 2014
TEE Land acquired a property at 183 Thomson Road (Longhouse) – to redevelop it into a commercial cum residential development



February 2014
Signed MOU to enter into municipal wastewater treatment projects in Guangdong Province, China

April 2014
Proposed Bonus Warrants Issue

TEE Land launched Third Avenue at Cyberjaya, Malaysia – a mix-used development

May 2014
TEE Land completed a land acquisition in Chaengwattana, Bangkok, Thailand – to be redeveloped into an 8-storey low-rise residential development

Completion of 91 Marshall

June 2014
Listing and Quotation of Bonus Warrants

July 2014
Awarded S$70m contract to build and complete new MDIS Campus in EduCity@ Iskandar, Malaysia

Awarded S$42m M&E contract by Changi Airport Group

Appointed to operate Bangkok's first underground wastewater treatment plant

Awarded first contract in Macao to carry out S$60m worth of M&E Works for Sands China Ltd

August 2014
TEE Land acquired an airport hotel in Sydney, Australia

#07

Focusing on increasing our market share by driving new revenue opportunities in high growth markets and sectors

CHAIRMAN'S MESSAGE

Focusing on Core Strengths

Dear Shareholders

FY2014 was a transitional year in TEE Group's transformation journey - from an electrical contractor to a high-value engineering solutions provider today, branching into three main business divisions – Engineering, Infrastructure and Real Estate.

In FY2014, TEE recorded a loss that was primarily due to a one-off provision for cost overrun to complete a project. With the exclusion of this one-off provision, TEE Group, however, remains profitable. The growth plans I mentioned in last year's annual report remained on track as we stayed focused on gearing up growth.

Focusing on Core Strengths

Against the highly competitive M&E engineering space, TEE continued to successfully secure new, and sizable engineering contracts both locally and regionally. The Engineering business performed well, with a healthy order book value of approximately S$420[1] million. Some of the noteworthy projects were awarded from reputable, and repeat clients such as Changi Airport Group, Hyundai Engineering & Construction Co., Ltd, Sands China Ltd (a subsidiary of Las Vegas Sand Corporation) and MDIS (Malaysia) Sdn Bhd.

Summary of key points

- Our Engineering business performed well, with a healthy order book value of approximately S$420[1] million.
- TEE Land, our listed Real Estate subsidiary have successfully built up their land bank with several land acquisitions in Singapore and Thailand.
- Our Infrastructure business made good progress with new contracts in Thailand and setting foot in China.

TEE Land, our listed Real Estate subsidiary progressed as planned following their IPO last year. They have successfully built up their land bank with several land acquisitions in Singapore and Thailand. More recently, they have moved into expanding their income generating assets by acquiring a hotel in Sydney, Australia.

On the Infrastructure front, we have made good progress with new contracts for managing wastewater treatment plants in Thailand, as well as, setting foot into China to look at wastewater treatment projects.

As TEE Group enters into the transition phase, there is a need for change - to optimise business operations, to strengthen our foundation, and investing ahead of time. This is the bedrock of our transformation.

Gearing Up Growth

As part of our transformation, TEE Group expanded into the Real Estate and Infrastructure businesses by tapping on core expertise and past experience from the Engineering business. Today, each of these business units have delivered on a number of key initiatives, including making inroads into new geographical markets, expanding into new business areas with synergies within the three business divisions, and the ability to deliver on promises based on our track record.

Our growth strategy is fundamentally focused on harnessing our core strengths, and aligning our businesses to continually meet the ever changing business needs in the respective industries and markets. We are deepening our business presence in geographic markets we have a foothold in to further grow all three business divisions. This strategy will help us to develop new revenue streams and enhance shareholder value for the long term.

Scaling New Heights with Our People

Our people are the core foundation of our transformation, and they grow with us on this journey to build TEE Group into a bigger and better organisation. To successfully evolve, we are nurturing the essential culture and mindset, as well as, to broaden the diversity of talents within TEE Group by adding people with strengths vital to our core businesses. My appreciation goes to all employees in TEE Group who in their own way, are shaping TEE of the future.

The steadfast and visionary leadership of Mr. C K Phua, our Group Chief Executive & Managing Director, remains the key in gearing up growth for TEE and to look ahead with confidence and commitment to propel TEE Group towards the next level. To the shareholders of TEE, I am grateful to have your continued trust and support, and we will strive to create a stronger TEE, thereby enhancing your value.

In closing, I wish to record my thanks to the Board of Directors for their commitment and guidance during the year. Finally, I am delighted to extend a warm welcome to Mr. Aric Loh Siang Khee, a well-respected former partner of one of the big four accounting firms, to the Board.

Mr. Bertie Cheng
Non-Executive Chairman

1 Total outstanding order book constitute the order as at 31 May 2014 and the addition of new contracts announced since then.

GROUP CHIEF EXECUTIVE & MANAGING DIRECTOR'S MESSAGE

Growing Core Businesses

FY2014 was a challenging year for TEE Group, as we transit into a new phase of growth. From a mid-size local corporation with two distinct businesses, we are growing into a corporation with three distinct businesses. In FY2014, we encountered a one-off cost overrun for a project that was completed during the year. As such, we exercised our prudence and provided for the cost overrun this year. We embrace this as an opportunity to further enhance our operational efficiency, project management skills and risk management efforts. Despite this, our business foundation remains strong and fundamentally sound and we will still continue to invest ahead of time to lay the right foundation to grow our three businesses.

Growing Core Businesses

Our Engineering business team's efforts to lift TEE's total outstanding order book have been rewarding. We have secured projects not only from our reputable and repeat clients, but also a breakthrough into a new market, namely Macao, in the Greater China Region. The S$420[1] million total outstanding order book is a commendable result, and it tells us that TEE's engineering capabilities continue to underpin our reputation in delivering projects with superior quality and on time. I am optimistic that over the next year and beyond, both revenue and profitability will be steadily raised by the progressive completion of these projects.

The inherent challenges in the real estate market will continue to persist in Singapore and the region. However, we are focused on identifying sites with good location, such as the former Long House property along Thomson Road in Singapore, as well as, a number of lands and properties in Bangkok, Thailand, which TEE Land had acquired. During the year, TEE Land's plans were on track with the TOP of 91 Marshall and the launch of Third Avenue, Cyberjaya, Malaysia. It is imperative for TEE Land to broaden their asset types in order to develop a stronger income base. Towards this end, TEE Land acquired an established hotel in Sydney, Australia for its recurring income stream, as well as its redevelopment potential. Prospects of key markets TEE Land operate in remains positive, and the long term prospects in the Asia-Pacific region will put TEE Land in good stead for the future.

On the Infrastructure business, we continue to have confidence that Asia Pacific's rising urbanisation rate, as well as, the need for more projects relating to water and energy, will drive demand for infrastructure projects. In our Thai operations, GETCO, now operates two wastewater treatment plants in Thailand. With a total capacity of 350 million litres per day, it is one of Thailand's largest wastewater treatment companies. We made our foray into China in FY2014, to look at building, owning and operating wastewater treatment plants. Additionally, we are also exploring various opportunities to undertake brown and greenfield asset-type projects.

Building On Business Excellence

Our journey continues to center on gearing up growth for the next quantum leap for TEE Group. The underlying expertise and experience we have built from our Engineering business remains the DNA that binds all three businesses. This, forms an integrated platform for us to develop new business opportunities in existing markets. To set the pace for growth, we will be placing an increased emphasis on Business Excellence. There will be three main areas of focus; i) Business Quality, ii) Human Capital and iii) Value Creation.

Enhancing Business Quality

Our goal is to generate profitable returns. For our Engineering business, we have developed an aim to achieve sizable contracts that carry high value and complex engineering components. This includes projects that require specialised engineering solutions, for example, projects related to research facilities and integrated resorts. So far, we have maintained an established track record and a strong reputation in delivering projects beyond expectations. This is why we are able to secure contracts from repeat clients who have demonstrated confidence in our capabilities. Further to enhancing our business quality, we are also looking at capturing growth opportunities with good returns by leveraging on networks across our three businesses. With this goal firmly in sight, we strive to achieve better investment and business returns for TEE Group.

Nurturing Human Capital

Our people is the heart of our transformation. To succeed, we need to nurture our people and grow our talent pool. We believe in preparing for the future. In the year under review, we have deepened our management bench to gear up growth of the organisation, and we will continue to do so, to ensure that adequate resources are employed. At TEE, we strive to provide a working environment that fosters creativity and innovation. By doing so, we hope to attract talents to join and stay with TEE Group, while grooming existing staff and management to take on bigger roles within the organisation.

Value Creation

The business environment is ever changing and TEE has to keep in pace with such changes on the go. Over the years, we have consistently moved up the value chain – from just an electrical contractor to a total solutions provider today, with project management capabilities to handle large-scale engineering projects in Singapore and the region. We believe in incorporating new ideas and innovative solutions that create value for our clients. To achieve this, we constantly review and adopt best practices in the operations and management process areas. With that, we make every effort to add value and be efficient in our businesses, thus, attaining higher internal rate of return.

Extending Our Appreciation

Our desire has always been to build long term and sustainable businesses that last the decades. The Board and management remain committed in reinforcing and inculcating a culture that thrives on change and breaking through new barriers.

For FY2014, we have taken an additional approach to reward our shareholders, which was by way of a two for five bonus warrants issue alongside a proposed one-tier tax exempt final dividend of 0.5 Singapore cents per ordinary share. Together with the interim dividend, TEE's total dividend for the year would amount to 0.95 Singapore cents per ordinary share.

In concluding my review, I would like to extend my gratitude to all members of the Board, management and staff. Your steadfast commitment towards TEE Group's vision and mission has been the foundation on which our business thrives. To our shareholders, I express my deepest appreciation for your ongoing support for TEE Group over the years.

Mr. C K Phua
Group Chief Executive
& Managing Director

1 Total outstanding order book constitute the order as at 31 May 2014 and the addition of new contracts announced since then.

OPERATING AND FINANCIAL REVIEW

BUSINESS REVIEW

Engineering Business

In FY2014, the Engineering business team submitted more than half a billion worth of project tenders, and they have succeeded in securing a number of sizable contracts for M&E and rebuilding & redevelopment projects both locally and regionally. TEE Group announced a total outstanding order book of approximately S$420[1] million.

Some of the notable contracts that were awarded in Singapore include, the S$142 million contract from Hyundai Engineering, to provide M&E package for the Marina One, and a S$42 million contract from Changi Airport Group to carry out the construction of underground ducts for high tension cables and fiber optic cables, including the replacement of high tension cables and high tension switchgears at Singapore Changi Airport.

As TEE continues to seek out engineering projects in overseas market, it leverages on its track record and regional business network to expand its business presence. In Malaysia, TEE was awarded with a S$70 million contract to build and complete the new MDIS Campus in EduCity@Iskandar, Johor. The Project was awarded to TEE Group's wholly-owned subsidiary, TEE M&E Engineering Sdn Bhd by MDIS (Malaysia) Sdn Bhd and is estimated to take 18 months to complete.

Following an earlier business relationship established in 2008, TEE is once again working with Las Vegas Sands Corporation. This time, to carry out M&E works (the "Macao Project") with a total contract value of S$60 million for its properties under Sands China Ltd, namely the Parisian Macao and St Regis, located at the Cotai Strip Resorts Macao. In connection with this, TEE Group's wholly-owned subsidiary, TEE Hong Kong Limited entered into a 55:45 joint venture agreement with Hou Chun Construction and Engineering Company Limited, whereby a joint venture company, TEE-HC Engineering Company Limited ("TEE-HC Engineering") was formed to undertake the Macao Project. In view of the joint venture to form TEE-HC Engineering, TEE did not proceed with the proposed acquisition of MECO Engineering Ltd.

Real Estate Business

During the year, TEE Land remained focused on executing its ongoing developments with the completion of 91 Marshall, and the successful launch of Third Avenue in Cyberjaya, Malaysia. Furthermore, they have expanded their land bank with five acquisitions, four in Thailand and the former Longhouse in Singapore. Overall, this had strengthened TEE Land's presence in the local and ASEAN markets. In FY2014, TEE Land also expanded its reach with the acquisition of a 120-room 3-star hotel in Sydney, Australia. Together with Workotel in New Zealand, it is steadily building up its recurring income assets that possess redevelopment potential for the future.

In Thailand, TEE Land has entered into various acquisitions, which are in line with its long-term investment of this market. TEE Land acquired a freehold land in Bang Pho, Bangkok, Thailand with plans to develop it into an eight-story residential development. Following this acquisition, it also acquired Rojtaj Development Co. Ltd that owns a freehold property in Bangkok, as well as a land acquisition in the Chaengwattana. Beyond the Bangkok metropolitan area, TEE Land had acquired a second industrial site in Rayong Province, to develop "Ready Built Factories" for rent.

Infrastructure and Infrastructure-related Business

TEE had made progress during the year, with new contracts to expand its presence in water-related projects. In FY2014, GETCO entered into a contract to manage and control the water level at Makkasan Water Catchment area near the Chao Phaya River, Thailand, in partnership with established players, Cisco Engineering Co. Ltd and Lam Water Solution Co. Ltd.. Further to this, GETCO was also appointed to operate and maintain Bangkok's first underground wastewater treatment plant in Thailand.

1 Total outstanding order book constitutes the order as at 31 May 2014 and the addition of new contracts announced since then.

The Bang Sue WWTP, which lies beneath the Educational and Environmental Center – Bangsue Bangkok, is an underground WWTP that is designed to treat municipal waste in the Bangsue, Jutujak, Dusit, and Phyathai Districts. Covering an area of approximately 21km^2, the Bang Sue WWTP is connected to a network of municipal waste collection system measuring up to nearly 50 km. Currently, the fully functional plant with an underground storage pond is capable of treating up to a maximum capacity of 300 million litres of municipal waste per day, thereby improving the water quality before discharging it into the canals. With the addition of this contract, GETCO's total capacity now reaches 350 million litres per day.

In China, TEE has entered into an MOU to enter into a long term partnership to focus on the investment, construction, operation and financing of municipal infrastructure and environmental protection projects in Guangdong Province, China.

FINANCIAL REVIEW

Statement of Profit or Loss

For the financial year ended 31 May 2014 ("FY2014"), TEE Group's revenue was weakened due to the lumpy nature of our Engineering business revenue, which resulted in lesser revenue recognised from completed and ongoing projects compared to last year ("FY2013").

Revenue for FY2014 decreased by S$13.7 million or approximately 6.3% to S$202.8 million as compared to S$216.5 million in FY2013. The Engineering segment contributed S$159.8 million in FY2014 compared to S$184.4 million in FY2013, while the Real Estate segment contributed S$40.3 million in revenue in FY2014 versus S$29.7 million in FY2013. Revenue from the Infrastructure segment came in at S$2.7 million in FY2014 compared to S$2.5 million over the same corresponding period.

Gross profit for TEE Group decreased to S$2.5 million in FY2014 versus S$31.8 million in FY2013, mainly due to a one-off provision for cost overrun for a completed project.

TEE Group's other operating income rose to S$7.6 million in FY2014 compared to S$4.0 million due mainly to a gain on valuation of TEE Group's investment properties in Singapore and New Zealand.

For FY2014, TEE's share of results of associates increased by S$6.1 million to S$8.3 million, mainly attributed to the positive performance of its Singapore real estate associates, and a gain on revaluation of investment property held by its Thai real estate associate.

Operating expenses during FY2014 rose in line with TEE Group's growing business activities. Administrative expenses for FY2014 increased by S$2.6 million to S$20.6 million, mainly due to overall higher overheads as a direct result of TEE Group's expansion of business activities. Other operating expenses in FY2014 rose by S$1.4 million to S$3.3 million, due mainly to the increase in unrealised foreign exchange losses, amortisation of intangible assets arising from acquisition of Interlift Sales Pte Ltd* and impairment loss on development properties in Vietnam.

TEE's finance costs for the year were raised by S$1.0 million from S$2.3 million in FY2013 to S$3.3 million in FY2014, due to increased borrowings and higher costs of funding.

In FY2014, TEE recorded loss for the year of S$10.7 million as compared to profit for the year of S$13.2 million in FY2013.

* On 23 July 2014, TEE announced the disposal of Interlift Sales Pte Ltd.

OPERATING AND FINANCIAL REVIEW

FINANCIAL REVIEW

Statement of Financial Position

Total cash and bank balances decreased by S$9.8 million to S$39.9 million as at 31 May 2014 as compared to S$49.7 million as at 31 May 2013. The decrease was mainly due to loans granted to associated companies, the purchase of a building in Singapore and development of Workotel in New Zealand, and the payment of dividend to shareholders.

Trade receivables decreased by S$11.3 million from S$54.1 million as at 31 May 2013 to S$42.8 million as at 31 May 2014, mainly due to payment received from customers.

Total amount of other receivables increased from S$18.4 million to S$28.1 million as at 31 May 2014, mainly due to amount owing by subcontractors for an on-going engineering project.

Total loans receivable from associates increased by S$13.7 million from S$38.7 million as at 31 May 2013 to S$52.4 million as at 31 May 2014, mainly due to the funding for land acquisitions in Bangkok by a Thai real estate associate as well as the acquisition of a property by a Singapore real estate associate.

Investment in associates increased from S$20.9 million as at 31 May 2013 to S$27.9 million as at 31 May 2014. The increase was a result of a rise in retained earnings from TEE's associates in Singapore and Thailand, the increased investments in a Thai real estate associate for land acquisitions in Bangkok and dividend received from this associate.

Property, plant and equipment rose to S$11.9 million as at 31 May 2014 from S$3.2 million as at 31 May 2013, mainly due to the completion of the acquisition of a building at 25 Bukit Batok Street 22, Singapore by TEE Land.

Development properties increased from S$112.4 million as at 31 May 2013 to S$157.4 million as at 31 May 2014, mainly due to purchase of lands in Singapore and Malaysia, and the progressive capitalisation of construction and development costs as construction of the Group's development properties progressed.

Completed property held for sale of S$1.2 million as at 31 May 2014 was for 91 Marshall, which obtained its TOP and was thus reclassified.

Investment properties increased by S$11.6 million, from S$21.5 million as at 31 May 2013 to S$33.1 million as at 31 May 2014, mainly due to the acquisition of, and subsequent work done to improve Workotel in New Zealand and gain on revaluation of the Group's properties in Singapore and New Zealand.

In terms of short-term borrowings, bank loans and overdrafts decreased by S$10.4 million, from S$70.1 million as at 31 May 2013 to S$59.7 million as at 31 May 2014 was mainly due to the repayment of short-term bank loans.

Total long-term bank loans increased to S$151.9 million as at 31 May 2014 from S$94.5 million as at 31 May 2013, mainly due to the additional loan drawn for working capital, finance the continued acquisition of land and construction activities.

Non-controlling interest increased from S$7.1 million to S$46.1 million as at 31 May 2014, mainly due to the dilution of the equity interest in TEE Land.

Statement of Cash Flows

Net cash used in operating activities was S$74.7 million in FY2014, mainly due to the acquisition of lands and progressive capitalisation of construction and development costs for development properties and increased in trade receivables.

Net cash used in investing activities stood at S$32.5 million in FY2014. This was mainly the result of the purchase of the Group's future premises in Bukit Batok and the acquisition of and subsequent work done to improve the "Workotel" in New Zealand by TEE Land.

Net cash generated from financing activities was S$105.4 million in FY2014, mainly from the net proceeds received from new share issuance pursuant to the successful listing of TEE Land and drawdown of bank loans.

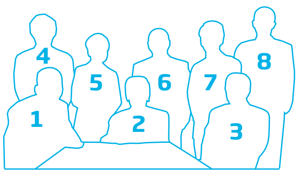
GROUP FINANCIAL HIGHLIGHTS

	2014	2013	2012	2011	2010
For the Year					
Revenue (S$'000)	**202,823**	216,541	143,631	247,172	159,597
Gross profit (S$'000)	**2,508**	31,831	31,152	29,358	23,841
Gross profit margin (%)	**1.2**	14.7	21.7	11.9	14.9
(Loss) Earnings before interest, tax, depreciation and amortisation (EBITDA) (S$'000)	**(7,020)**	17,983	22,421	20,407	15,793
Operating (loss) profit (S$'000)	**(7,813)**	16,181	21,853	20,275	15,474
(Loss) Profit before tax (S$'000)	**(8,725)**	15,907	22,195	19,114	14,233
Pre-tax (loss) profit margin (%)	**(4.3)**	7.3	15.5	7.7	8.9
(Loss) Profit for the year (S$'000)	**(10,690)**	13,195	19,117	16,396	11,597
After-tax (loss) profit margin (%)	**(5.3)**	6.1	13.3	6.6	7.3
(Loss) Profit attributable to owners of the Company (S$'000)	**(13,579)**	13,203	19,286	16,990	11,564
At Year End (S$'000)					
Current assets	**328,262**	279,934	171,916	176,730	134,360
Total assets	**441,610**	363,770	241,693	224,448	169,366
Current liabilities	**180,207**	174,602	102,402	103,180	97,407
Total liabilities	**301,629**	263,446	167,388	165,473	133,100
Total debts (including finance lease)*	**212,009**	165,530	103,411	81,645	85,852
Equity attributable to owners of the Company	**93,915**	93,188	75,635	60,153	36,905
Total equity	**139,981**	100,324	74,305	58,975	36,266
Number of shares as at 31 May	**493,025,721**	466,228,410	372,288,998	343,759,998	281,642,372

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

Profitability ratios					
Return on shareholders' equity (%)	**(14.5)**	14.2	25.5	28.2	31.3
Return on total assets (%)	**(3.1)**	3.6	8.0	7.6	6.8
Leverage ratios					
Long-term debt to equity ratio (times)	**0.8**	0.8	0.8	1.0	0.8
Total debts to equity ratio (times)	**1.5**	1.6	1.4	1.4	2.4
Interest cover (times)	**(2.4)**	7.0	14.3	9.4	8.6
Liquidity analysis ratios					
Current ratio (times)	**1.8**	1.6	1.7	1.7	1.4
Net asset value per share (cents)	**19.0**	20.0	20.3	17.5	13.1
Shareholders' investment ratios					
(Loss) Earnings per share (cents)	**(2.82)**	3.13	5.39	5.46	4.11
Gross dividend per share (cents)	**0.95**	3.15	2.35	2.25	2.20
Dividend cover (times)	**(3.0)**	1.0	2.3	2.4	1.9
Productivity					
Number of employees	**494**	795	336	360	377
Revenue/employees (S$'000)	**410.6**	272.4	427.5	686.6	423.3
Number of employees (exclude workers)	**248**	226	218	193	186
Revenue/employees (S$'000)	**817.8**	958.1	658.9	1,280.7	858.0

BOARD OF DIRECTORS



1 MR. PHUA CHIAN KIN
2 MR. BERTIE CHENG SHAO SHIONG
3 MR. TAN BOEN ENG
4 MR. PHUA BOON KIN
5 MS. SAW CHIN CHOO
6 MR. GN HIANG MENG
7 MR. LEE AH FONG
8 MR. ARIC LOH SIANG KHEE

MR. BERTIE CHENG SHAO SHIONG, 77

Non-Executive Chairman

Mr. Cheng was appointed as an Independent and Non-Executive Director of the Company on 5 March 2001 and was last re-appointed as a Director of the Company on 26 September 2013. Mr. Cheng is the Chairman of the Executive Committee and a Member of the Nominating Committee.

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. Other appointments include being the Chairman of the Medifund Committee, Singapore General Hospital, Vice-Chairman of the Board of Trustees, Consumers Association of Singapore Endowment ("CASE") Fund and 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.

MR. PHUA CHIAN KIN, 55

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 the Group and is also responsible for the Group's overall management, investment decisions, direction and policy decision-making. He is also the major shareholder of TEE International 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 other companies was listed on SGX in 2001 as TEE International Limited. In June 2013, its wholly-owned Real Estate subsidiary, TEE Land Privated Limited now known as TEE Land Limited was listed on SGX.

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 Awards.

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

BOARD OF DIRECTORS

MR. TAN BOEN ENG, 81
Non-Executive Director

Mr. Tan was appointed as an Independent and Non-Executive Director of the Company on 5 March 2001 and was last re-appointed as a Director of the Company on 26 September 2013. Currently he serves as Chairman of the Audit Committee and a Member of the Remuneration Committee.

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

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

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

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

MR. LEE AH FONG, 68
Non-Executive Director

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

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

Mr. Lee qualified as Barrister-at-Law (Middle Temple) in 1980 and was admitted to the Singapore Bar in 1981. 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. GN HIANG MENG, 66
Non-Executive Director

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

Mr. Gn was appointed as an Independent and Non-Executive Director of the Company on 1 June 2013 and was last re-elected as a Director of the Company on 26 September 2013. He currently serves as Chairman of the Remuneration

Committee and a Member of the Audit Committee, Executive Committee and the Nominating Committee.

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

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

MR. ARIC LOH SIANG KHEE, 50
Non-Executive Director
Mr. Loh was appointed to the Board on 1 August 2014 as an Independent and Non-Executive Director of the Company. Mr. Loh spent over 25 years in Deloitte & Touche LLP, Singapore, where he was an audit partner till 2013. Mr. Loh is also a Lead Independent Director of Europtronic Group Ltd.

Mr. Loh holds a Bachelor Degree of Accountancy (with 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.

MS. SAW CHIN CHOO, 52
Executive Director
Ms. Saw was appointed to the Board of Directors on 10 September 2004 and was last re-elected as an Executive Director of the Company on 27 September 2012.

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

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

MR. PHUA BOON KIN, 52
Executive Director
Mr. Phua was appointed to the Board of Directors on 1 September 2008 and was last re-elected as a Director of the Company on 27 September 2012.

Mr. Phua currently holds the post of Managing Director (Engineering) and is overall in charge of the Group's Engineering Business. He has more than 29 years of experience in project execution and project management. He was instrumental in the setting up of the two main subsidiaries of the Group, namely Trans Equatorial Engineering Pte. Ltd. in 1991 and PBT Engineering Pte. Ltd. in 1996. He has since been with the Group for the past 23 years and has held various appointments in both of these subsidiaries.

He is currently 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 Private Limited. He is also a Company Director in one of our Thai subsidiaries, Oscar Estate Management Co., Ltd..

Mr. Phua holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.

KEY EXECUTIVES

MR. RICHARD LAI TAK LOI
Group Chief Financial Officer

Mr. Lai joined TEE in August 2013, and is currently the Group Chief Financial Officer. In this capacity, he is overall responsible for all financial matters of TEE Group including financial reporting and operations, corporate finance and treasury, tax, investor relations and communications, business control and risk management, legal, compliance and corporate secretarial. Prior to joining TEE, Mr. Lai founded and managed LABRO Capital Pte Ltd, an asset management company based in Cayman Island after leaving his previous company, Mapletree Logistics Trust Management Ltd., the manager to Mapletree Logistics Trust, a SGX-ST listed REIT. He spent nearly eight years there starting as the Chief Financial Officer for the Trust and eventually becoming the Executive Director and Chief Executive Officer in 2010. Mr. Lai left the company in August 2012.

Mr. Lai is a member of the Malaysian Mensa Society. He holds a Bachelor of Arts in Economics (Honours) with a major in Accounting and Finance from the University of Manchester, United Kingdom.

MR. SIM GEOK SOON
Executive Director, 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 and overseas.

Mr. Sim has more than 30 years of experience in project and construction management in the Construction Engineering industries, familiar with all stages of project delivery. He is currently the Director of Trans Equatorial Engineering Pte. Ltd. and TEE Philippines, Inc..

MR. DARREN GANNON
Executive Director, Infrastructure

Mr. Gannon joined TEE as Senior Project Director in March 2012 after spending nearly five years with Marina Bay Sands Pte Ltd where he was the Senior Project Manager for the Marina Bay Sands Integrated Resort in Singapore. He assumed his current role in August 2013 to help spearhead the Infrastructure Business.

Mr. Gannon has in total about 25 years of working experience in property and construction throughout United Kingdom, Singapore, Malaysia and Indonesia, with among others, Shimizu Corporation, UEM Genisys and British Nuclear Fuels PLC.

Mr. Gannon graduated with a Master in Science specialising in Construction Project Management from Heriot-Watt University in 2012.

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

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

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

MR. 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.

MS. YEO AI MEI
Financial Controller and 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, corporate secretarial and 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 Institute of Singapore Chartered Accountant (ISCA) and Certified Practising Accountant of CPA Australia.

MR. NELSON WONG YUAN HAW
Director, Group Corporate Finance

Mr. Wong joined TEE in November 2013 and heads the newly formed Group Corporate Finance team. He is responsible for TEE Group's Corporate Finance and Treasury functions, including the establishment of the S$350-million MTN Programme and Bonus Warrants issue, as well as due diligence work for acquisition of Infrastructure assets. Mr. Wong has in total 18 years of working experience in the finance industry, with among others, Mapletree Investments Pte Ltd, Avnet Asia Pte Ltd and most recently, Future Electronics Inc (Distribution) Pte Ltd, where he was the Financial Controller prior to joining TEE.

Mr. Wong holds a Degree of Bachelor of Accountancy from Nanyang Technological University and is a Chartered Accountant with Institute of Singapore Chartered Accountant (ISCA).

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 Bachelor of Arts Degree in Psychology and Political Science.

1 MR. RICHARD LAI TAK LOI
2 MR. SIM GEOK SOON
3 MR. DARREN GANNON
4 MR. PHUA CHER CHEW
5 MR. CHEUNG KAY KWONG
6 MS. YEO AI MEI
7 MR. NELSON WONG YUAN HAW
8 MS. LOH CHOOI LENG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INVESTOR RELATIONS

TEE Group is guided by a set of principles that defines Investor Relations ("IR") as a strategic management responsibility that integrates finance, communication, marketing and securities law compliance. This is to enable the most effective two-way communication between TEE Group and its stakeholders, which comprises staff and management, financial community, media and the public, which will ultimately contribute to achieving fair valuation of TEE Group.

Investor Relations Policy

TEE Group is committed to deliver timely, transparent, and consistent disclosures to its shareholders, the financial community and the public. Our IR function falls under the office of the Group Chief Financial Officer, and is led by the Manager of IR and Communications.

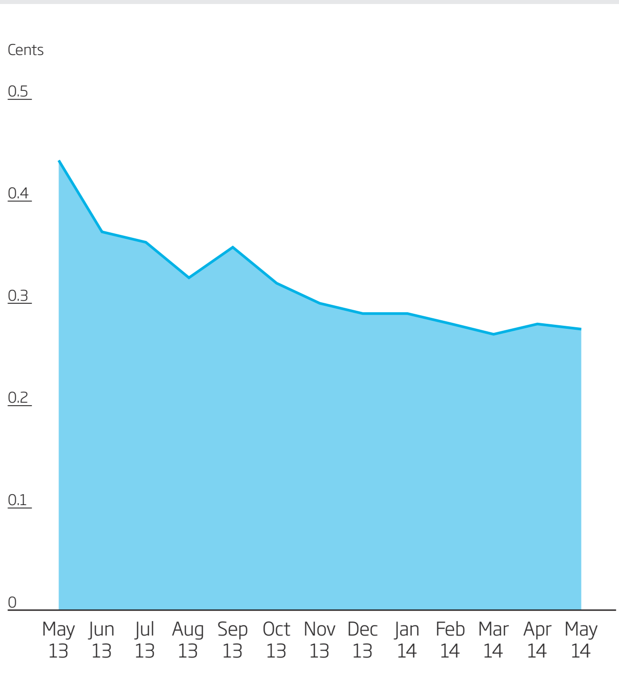
Our IR policy ensures fair and open communications with all our stakeholders. We ensure that relevant and material information are disclosed in a clear, concise and consistent manner, in accordance with the listing manual of the SGX-ST, and the Securities and Futures Act. We also proactively provides information about matters that may influence share price movement to shareholders and members of the financial community, in an equal and simultaneous manner.

TEE Group's disclosures are made public through SGX-ST's SGXNet broadcast network ("SGXNet") and on TEE's corporate website at http://www.teeintl.com.

Engaging Stakeholders

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

TEE's 12-Month Daily Share Price and Trading Volume
(Last Closing Date: 30 May 2014)



Stock Code

SGX	M1Z.SI
Bloomberg	TEE.SP
Reuters	TEEI.SI

ISNI Code

SG2C64965297

Share Statistics

Issued and Paid-Up Shares	493,025,721
Market Capitalisation	S$128.2 million
52 weeks share price range	0.25 - 0.47

stakeholders appraised of TEE Group's financial performance and to discuss its strategies and outlook.

We also address queries from the media and shareholders, if any, through various modes of contact. Our Investor Relations' contacts can be easily found in most of TEE's official publications as well as the corporate website. Shareholders' enquiries are addressed by the relevant management personnel in a prompt manner.

The Annual General Meeting ("AGM") is another way for us to reach out to our shareholders. It is the main platform for the Board of Directors and Key Executives to answer shareholders' questions about TEE Group. Our Board of Directors, Key Executives and the external auditors are present at the AGM to address any shareholders' concerns with regard to TEE Group's performance for the year and also to keep them informed about recent developments and projects.

Dividend Policy

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

Investors, Shareholders and Media Contact

Mr. Richard Lai
Group Chief Financial Officer

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

Investor Relations and Financial Calendar 2014

10 January 2014	Announcement of FY2014 Half-Year Result
6 February 2014	FY2014 Declared and Paid tax-exempt one-tier Interim Dividend of 0.45 Singapore cents per ordinary share
10 April 2014	Announcement of FY2014 Third Quarter Result
10 April 2014	Announcement of Proposed Bonus Warrants Issue
31 May 2014	Financial Year End
23 July 2014	Announcement of FY2014 Full-Year Results
30 September 2014	14th Annual General Meeting
October 2014	Announcement of FY2015 First Quarter Results

Investor Relations and Financial Calendar 2015
(Tentative)

January 2015	Announcement of FY2015 Half-Year Result
April 2015	Announcement of FY2015 Third Quarter Results
31 May 2015	Financial Year End
July 2015	Announcement of FY2015 Full-Year Results
September 2015	15th Annual General Meeting
October 2015	Announcement of FY2016 First Quarter Results

SUSTAINABILITY REPORT HIGHLIGHTS

Building Sustainable Values

Sustainability is integral to TEE Group's business philosophy. We place great importance on sustainability by adopting best practices throughout the organisation. Whether it is in project management, financial management, human resource or sales and marketing, TEE Group strives for long term value that can be retained and replicated throughout the organisation.

Human Capital

The development of a strong human capital foundation is paramount for business sustainability. We are committed to build a skilled workforce, and cultivating a strong corporate culture that encourages staff retention. Through continuous training and development, we strengthen leadership skills of senior management and develop managerial competencies for middle management. TEE Group also develops and anchor a strong pipeline of young talents for business growth, as we aim to be the employer of choice with attractive career opportunities.

Corporate Social Responsibility

Making a difference to the communities and to serve in giving back to the needy is instilled in our core values and philosophy. We promote and support employee volunteerism, and foster and cultivate the spirit of caring for the society. TEE Group highly encourages our employees in their participation and support for our corporate social events and activities that are held regularly.

Occupational Safety and Health

The safety and health of our employees, customers and contractors are important aspects in the course of our business operations. TEE Group upholds high standards of safety and health awareness, implementing and reviewing workplace safety practices and health programmes to inculcate a sense of responsibility and mindset on a safe workplace and sustainable lifestyle.

Environmental Awareness

TEE Group sees environmental protection and stewardship as part of our responsibility as a corporate citizen. We adopt environmentally-friendly practices, and with our "Go Green Committee", further drive our goal to protect and sustain the environment we work in.

Risk Management

TEE Group maintains strict compliance with the statutory rules and regulations. Regular internal audits are carried out and financial risk management policies are also put into action to enhance our internal management and controls to protect the interests of our stakeholders in all our operations. We have adopted the Enterprise Risk Management ("ERM") Framework, which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard.

CORPORATE SOCIAL RESPONSIBILITY

Positive Outreach

Our commitment to Corporate Social Responsibility ("CSR") is embedded in our core values and philosophy, where we strive to be part of positive change. TEE cares deeply about serving and giving back to the community and seeks to be a corporate model. We encourage the spirit of volunteerism and actively involve all our staff in the regular community work that TEE organises. Our CSR Committee plans and organises events and activities as part of community services for charity bodies. The main charity body TEE Group has undertaken to care for, is Villa Francis Home for the Aged ("VF"), where regular events are planned for the residents at VF.

Feb 14

Hotmeal cum Birthday Celebration

Specially led by TEE's Executive Directors, Mr. Phua Boon Kin and Ms. Saw Chin Choo, with the attendance of MP Er. Dr. Lee Bee Wah, we organised a day to provide hotmeal by way of a buffet lunch to needy citizens at Nee Soon. Our employees also took the opportunity to celebrate birthday with residents whose birthday fall in the month of January and February.

CORPORATE SOCIAL RESPONSIBILITY

Feb 14

Chinese New Year Celebration

Chinese New Year is celebrated as a family affair, a time of reunion and thanksgiving. TEE organised a series of activities for the VF residents to welcome the year of Horse. Our employees were dressed up as "God of Fortune" while giving out "Ang Pao" and goodie bags to all residents. After the celebration, volunteers mingled with the residents over a buffet lunch, at the same time, spending quality time to communicate and care for the old folks.

Mar 14

Caregiver Dinner

In appreciation of the tireless commitment and effort given by caregivers and staff at VF, TEE organised a "Caregiver Dinner" at Yishun Safra. We were honored to have the MP of Nee Soon GRC, Er. Dr. Lee Bee Wah, to present the Long Service Award to the caregivers who have continually contributed to VF for a long period. In addition to the dinner, an impressive dance performance was staged by the caregivers, and this was followed by a karaoke session for all of them.

Dec 13

Christmas Celebration

TEE's employees celebrated Christmas with the residents of VF. For this occasion, we prepared gifts and they were given out to all residents. Volunteers also took the opportunity to mingle and communicate with the residents over a buffet lunch, where many of them have become friends of the residents over the course of regular visits. This was specially arranged by Mr. C K Phua to care for the old folks at VF.

Sep 13

Premises Moving

In September 2013, VF had to vacate their existing premises at Mandai, and was relocated to their new home in Yishun. We had volunteered our services as chaperones to the old folks in order to provide assistance throughout the journey to the new premises. During the day, we interacted and had fun with old folks, at the same time, giving comfort and physical support during the relocation process.

Organisation Environment & Culture

We believe our success today is built upon a cohesive work environment and a culture that is committed to developing human capital. The basis of a cohesive environment starts with upholding fair employment practices across TEE Group. Over the years, TEE Group has inculcated amongst our senior and executive management teams a hands-on approach to lead, to build a unified culture, and to continually identify new talents to develop. Strong leadership at all levels create a sense of shared responsibility throughout the organisation.

Core Values & Guiding Principles

PASSION To be passionate in everything we do, to hold firmly to our purpose or undertakings despite obstacles or setbacks.

Professionalism
Operate with a "Can Do" attitude and take ownership of our actions and everything we do.

Achieve
To achieve excellence through continuous learning and encourage personal development for every individual.

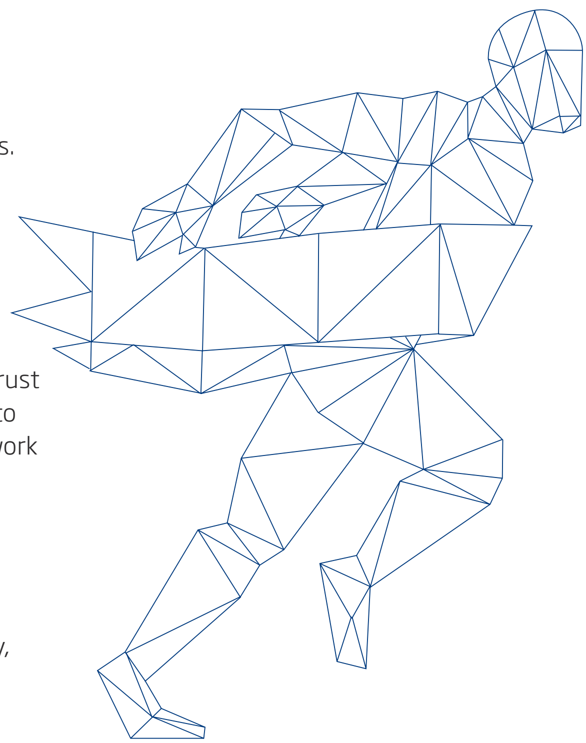
Service
Offering the best service to our clients, suppliers, colleagues, partners and communities.

Safety
Ensuring the safety of the people and to promote safety, health, environmental and legal awareness.

Integrity
Being reliable, trustworthy and honourable in what we say and do.

Openness
To operate in the spirit of mutual trust and openness, giving due respect to self and others to maintain team work and growth.

Nurture
To empower individuals, create opportunities for all to grow and excel as well as to promote a happy, healthy and balanced work-life.



HUMAN CAPITAL

Statistics on Human Talents

Level	No.of Staff
Board of Directors - Executive	3
Key Executive	8
Senior Management	23
Junior & Middle Management	51
Administrative & clerical	58
Site operations	105
Non Traditional Source/Skilled workers	246
Total	**494**

Statistics on Length of Service

Year of Service	No.of Staff
Less than 5 years	370
5 to 10 years	83
Over 10 years	41
Total	**494**

Statistics On Qualification

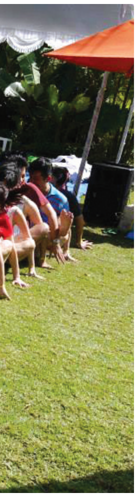
Qualification	No.of Staff
Degree & above	115
Diploma & equivalent	56
Secondary & below	87
Skill certificates	236
Total	**494**

Leadership Renewal

Description	Team 2014
Average age	38
Nationalities	Singaporean Malaysian China Burmese
Highest education level	Master
Lowest education level	O Level

Aligning our People towards business performance, productivity

Continual development and aligning our people towards performance, productivity is key towards building the foundation for our business success. We adopt a comprehensive approach in making consistent operational reviews, ongoing workforce training and adopting best practices, which are guided by professional development programmes, talks and seminars. All in all, we have dedicated more than 2,800 training hours last year to identifying, aligning and enhancing the skills of our staff.



Talent Management & Succession Planning

To lay the foundations for long-term growth, it is critical that leadership renewal and succession planning 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.

Engaging our People

Communication, is an essential activity of conveying information and exchanging of ideas. Staff interactions are constantly encouraged and enhanced for effective two-way communication between management and staff, as well as to build a conducive working environment. Here at TEE, our people undergo regular communication sessions such as Focus Group, Mentor Series, Leadership Series and Roundtable Discussion with various business units and senior management.

Benefits & Wellness for our People

The well-being of the employees and emphasis on healthy lifestyle and work-life harmony is underpinned by team spirit, physical health and energy of each individual. TEE Group holds regular team building programmes where staff can interact with and understand each other away from any formal corporate structure.

Every Friday is also known as "Fruit Day" where each staff is given a fruit as part of their diet. We have also initiated a "Little Thoughts that Counts" Campaign to show appreciation and kindness for fellow colleagues. Furthermore, we have introduced a Fun with Friends and Family "3 Fs" day, where on the last Friday of every month, our staff are encouraged to leave the office early for this day.

With happier and healthier employees, the Company believe that productivity will increase eventually, improving the business profits.

OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENTAL AWARENESS

Safety and Health Awareness

We believe our employees', contractors', and even the general public's health and safety plays a fundamental step in how we develop as a leading corporation. We take our utmost interest in protecting the health and safety of all individuals in relation to our activities, and acts on this commitment through a series of initiatives and activities. TEE Group's safety and health risks practices are constantly reviewed, improved and implemented so that any potential accidents at our work sites can be reduced. Our staff undergo regular safety awareness trainings and are instilled with the importance of safety awareness and they are constantly reminded to abide by all safety protocols during their course of work. From time to time, we send our employees for safety courses such as safety orientation, building construction safety supervisors courses, etc. to ensure they have adequate training and are well-equipped to safely carry out their tasks.

TEE operates within a Quality, Environmental, Health and Safety Management framework. Under this framework, our wholly-owned subsidiaries, Trans Equatorial Engineering Pte Ltd and PBT Engineering Pte Ltd, have been awarded the OHSAS 18001:2007 certification for our compliance with the high standards of workplace safety and health. TEE was also bestowed the bizSAFE Star award as a recognition for our efforts in improving workplace safety and health through implementing workplace safety practices and conducting health programmes. We also adopt a comprehensive approach in the education and inculcation of the right mindset in safety culture, starting from the top management and extending it down to all levels of our workforce. This way, we seek to motivate more employee involvement and commitment in ensuring a safe and healthy working environment for all.

Environmental Awareness

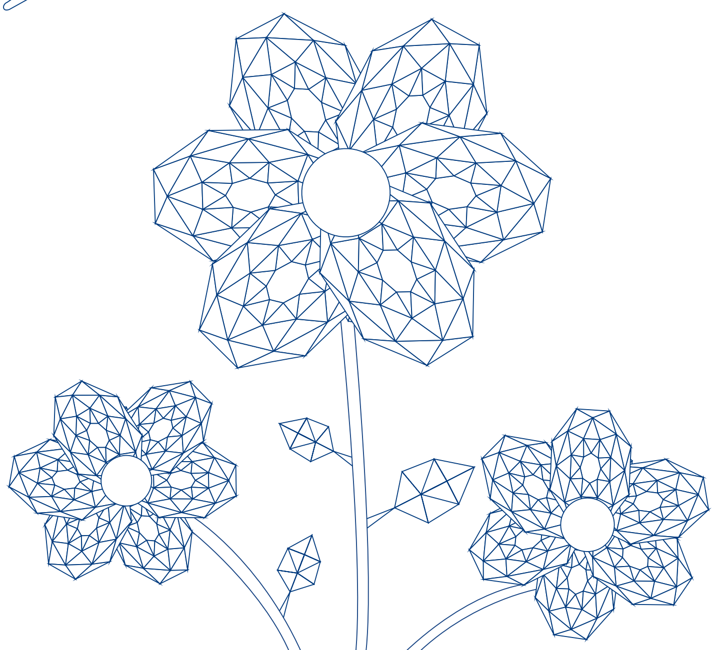
As a leading integrated engineering, real estate and infrastructure corporation, we are aware of the impact we have on the environment, therefore, we try to make efforts to protect and sustain the environment we work in. TEE Group conducts all aspects of our business in a manner that ensures compliance with environmental law. As TEE believes in environmental protection and stewardship, all employees goes through environmentally-friendly measures courses and trainings, and are encouraged to put it to good use in their respective departments to foster awareness and responsibility. Pollution prevention and resource conservation are essential towards a sustainable environment. TEE has implemented several "green" initiatives from paper recycling, circulating "Go Green" awareness emails to conserving energy and minimising electrical wastage by equipping our office with light sensors.

TEE has also been awarded the Environmental Management Systems ISO 14001: 2004 certification, and we hope to lead 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 our determination to further promote and strengthen green practices within TEE Group, we have set up our own "Go Green Committee" to work towards our goal of providing a pollution-free conducive working environment that complies with applicable environmental standards and other requirements.

RISK MANAGEMENT

In response to the increasing scale and complexity of operations, TEE 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 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 TEE Group over a short-medium term are summarised in TEE Group Risks Register, and are being ranked according to their likelihood and consequential impact to TEE Group as a whole. The identified risks are then being managed and mitigated by the counter measures.

The ERM Framework expands on internal control, providing a more robust and extensive focus on the broader 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.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent and
Non-Executive Chairman
Mr. Bertie Cheng Shao Shiong

Group Chief Executive
& Managing Director
Mr. Phua Chian Kin

Executive Director
Ms. Saw Chin Choo

Executive Director
Mr. Phua Boon Kin

Independent and
Non-Executive Director
Mr. Tan Boen Eng

Independent and
Non-Executive Director
Mr. Lee Ah Fong

Independent and
Non-Executive Director
Mr. Gn Hiang Meng

Independent and
Non-Executive Director
Mr. Aric Loh Siang Khee
(Appointed 1 August 2014)

AUDIT COMMITTEE

Chairman
Mr. Tan Boen Eng

Members
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

NOMINATING COMMITTEE

Chairman
Mr. Lee Ah Fong

Members
Mr. Bertie Cheng Shao Shiong
Mr. Phua Chian Kin
Mr. Gn Hiang Meng

REMUNERATION COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Tan Boen Eng
Mr. Lee Ah Fong

EXECUTIVE COMMITTEE

Chairman
Mr. Bertie Cheng Shao Shiong

Members
Mr. Lee Ah Fong
Mr. Gn Hiang Meng
Mr. Phua Chian Kin

JOINT COMPANY SECRETARIES

Ms. Yeo Ai Mei, CA
Ms. Lai Foon Kuen, ACIS

REGISTERED OFFICE

Co. Reg. No.: 200007107D
Block 2024 Bukit Batok Street 23
#03-48 Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: IR@teeintl.com
Website: http://www.teeintl.com

DATE OF INCORPORATION

15 August 2000

SHARE REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: (65) 6593 4848
Fax: (65) 6593 4847

SHARE LISTING

TEE has been listed on the SESDAQ, now renamed as the SGX Catalist, on 22 March 2001 and subsequently, upgraded to the SGX Mainboard with effect from 3 September 2008

INDEPENDENT AUDITORS

Deloitte & Touche LLP
6 Shenton Way #32-00
OUE Downtown 2
Singapore 068809

Audit Partner-in-charge:
Mr. Loi Chee Keong
(Appointed with effect from FY2012)

INVESTOR RELATIONS

Ms. Celine Ooi
Tel: (65) 6697 6589
Fax: (65) 6565 1738
Email: IR@teeintl.com

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of TEE International Limited (the "Company") 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 ("the Code") except where otherwise explained. In areas where we have 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 the Management to achieve this objective and Management remains accountable to 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;
- Approval of quarterly and full-year results announcements;
- Approval of annual report and accounts;
- 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 ("Management");
- Declaration of interim dividends and proposals of final dividends and special dividends (if any);
- Convening of shareholders' meetings;
- Approval of annual budget, material acquisitions and disposal of assets, major investments and divestment proposals;
- Approval of nominations for the Board by the Nominating Committee and endorsing the appointments of the key executives, internal auditors and external auditors;
- Reviewing recommendations made by the Remuneration Committee and approving the remuneration packages for the Board and key executives;
- 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.

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, Nominating Committee, Remuneration Committee and Executive Committee. The Chairman of the respective Committees will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board meets regularly at least four times within each financial year and at other times as appropriate, to approve the release for the Group's financial results as well as to consider and resolve major financial and business matters of the Group. To facilitate effective management, the day-to-day management of the Group's businesses and affairs are entrusted to the directors and key executives.

CORPORATE GOVERNANCE REPORT

The Company's Articles of Association 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 2014 ("FY2014") and the attendance of every Board member at the meetings are set out below:

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

1. Mr. Aric Loh Siang Khee was appointed as an independent and non-executive director with effect from 1 August 2014.
* Number of meetings held during the period when the respective directors served on the Board.

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 require the Board's approval.

Directors' Training

Orientation courses and educational programs will be organised for new directors to ensure that the incoming directors are familiar with the Company's key business and governance practices.

Prior to their appointment, new directors are also provided with the relevant information on their duties and responsibilities as directors, the Company's corporate governance processes as well as relevant statutory and regulatory compliance issues. Directors may request for further explanations, briefings and informal discussions on any aspects of the Company's operations or business issues. Mr. Aric Loh Siang Khee was appointed as an independent and non-executive director of the Company on 1 August 2014. Mr. Loh was briefed on the Group's business and operations and standard operating procedures.

The Management monitors changes to regulations and financial reporting standards closely. All directors will also receive regular updates such as news releases by the Singapore Exchange Securities Trading Limited ("SGX-ST") on changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions.

For FY2014, the Company has arranged an in-house briefing for the directors by lawyers on the regulations of the Listing Manual of the SGX-ST. The directors have also conducted site visits to Brunei, with the exception of one director who has additionally conducted a site visit to New Zealand, in order to better understand the Group's operations. The Group Chief Executive & Managing Director also updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

Board Composition and Guidance

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

The Board comprises eight directors, of whom five are independent and non-executive 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)
Ms. Saw Chin Choo
Mr. Phua Boon Kin

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

The Nominating Committee ("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.

The Board is made up of a team of high calibre leaders whose extensive experience, knowledge and expertise combine to contribute to effective decision-making and direction for the Group. As a group, they possess the core competencies such as, industry, finance and legal knowledge, business and management experience, and strategic capability, which are required for the Board to be effective. The profiles of the directors are set out in the "Board of Directors" section on pages 25 to 27. The composition of the Board enables the Management to benefit from the objective perspective on issues brought before the Board.

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.

The non-executive and 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 non-executive and independent directors also help to review the performance of the 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 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 non-executive directors at any time to meet regularly without the presence of Management.

Review of Directors' Independence
The NC reviews the independence of each 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 a director not to be independent. As a result of the NC's review of the independence of each director for FY2014, the NC is of the view that the independent directors are independent and that no individual or small group of individuals dominate the Board's decision-making process. The Board has determined after taking into account the views of the NC that each independent director, namely Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect the directors' judgement.

CORPORATE GOVERNANCE REPORT

Mr. Lee Ah Fong, independent and non-executive 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, whereby, Mr. Lee does not carry out any professional legal services to the Group on behalf of Ng, Lee & Partners. Nevertheless, the NC has considered Mr. Lee to be independent as the billing for the services rendered was not significant and Mr. Lee is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities. Mr. Lee abstained in the deliberation of his own independence and voting on any resolution where it relates to the appointment of Ng, Lee & Partners.

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

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

Role of Chairman and Group Chief Executive & Managing Director

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

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

Mr. Bertie Cheng Shao Shiong, Non-Executive Chairman, is responsible for, among others, approving the agendas for the Board and the Executive Committee. He is also responsible for exercising control over the quantity, quality and timeliness of the flow of information between the 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 Group Chief Executive & Managing Director and the Management. The Chairman also sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues. The Chairman also ensures effective communication with shareholders and facilitates the effective contributions of non-executive directors in particular.

Mr. Phua Chian Kin who assumes the role of Group Chief Executive & Managing Director plays an instrumental role in the expansion and growth of the business of the Group and leads the Group with strong vision. He also leads the Management and executes plans in the implementation of the Board's decisions.

In order to assist the Group Chief Executive & Managing Director, an Executive Committee has been established. Mr. Bertie Cheng Shao Shiong is the Chairman of the Executive Committee. More details on the Executive Committee can be found on page 56.

For good practice, the key executives or the Management who have prepared the Board meeting papers, or who can provide additional insight into the matters to be discussed, are invited to present the Board meeting papers or attend at the relevant time during the Board meeting.

BOARD COMMITTEES

NOMINATING COMMITTEE
Board Membership

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

The Nominating Committee ("NC") comprises three independent and non-executive directors and an executive director as follows:

Independent and Non-Executive Directors
Mr. Lee Ah Fong (Chairman)
Mr. Bertie Cheng Shao Shiong
Mr. Gn Hiang Meng

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. Lee Ah Fong, the Chairman of the NC, are independent from substantial shareholders.

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:

- Nominate directors to fill up any vacancies in the Board or the various Committees;
- Review and recommend for re-appointment and re-election to the Board, having regard to the director's contribution and performance including, if applicable, as an independent director;
- Review annually 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;
- Take into account the scope and nature of the operations of the Group to review and determine the appropriate size and structure of the Board;
- Recommend directors who are retiring by rotation to be put forward for re-election;
- Review board succession plans for directors; and
- Review training and professional development program for the Board.

Election and Re-election
All directors (excluding the Group Chief Executive & Managing Director) submit themselves at each Annual General Meeting ("AGM") for re-election at regular intervals of at least once every three years. Pursuant to Article 89 of the Company's Articles of Association, one-third of the Board of Directors (apart from the Group Chief Executive & Managing Director) are subject to retirement from office by rotation and eligible for re-election at the Company's AGM.

Article 88 of the Company's Articles of Association also provides that directors appointed during the year shall only hold office until the next AGM and be eligible for re-election. Pursuant to Section 153(6) of the Companies Act, Cap. 50, directors who are above the age of 70 years are statutorily required to seek re-appointment at each AGM.

The NC has recommended the nomination of director retiring by rotation under Article 88 of the Company's Articles of Association, namely Mr. Aric Loh Siang Khee for re-election at the forthcoming AGM which has been scheduled to be held on 30 September 2014.

The NC has recommended the nomination of director retiring by rotation under Article 89 of the Company's Articles of Association, namely Ms. Saw Chin Choo for re-election at the forthcoming AGM which has been scheduled to be held on 30 September 2014.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng who are over the age of 70 years are subject to re-appointment as directors of the Company at the forthcoming AGM to hold office until the next AGM. Upon re-appointment as directors of the Company, Mr. Bertie Cheng Shao Shiong will remain as Non-Executive Chairman of the Company, Chairman of the Executive Committee and a member of the NC respectively. Mr. Tan Boen Eng will remain as Chairman of the Audit Committee and a member of the Remuneration Committee respectively.

CORPORATE GOVERNANCE REPORT

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 Board concurs with the view of the NC.

Succession Plan for the Board

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

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 of the Board is adequate. It also assesses whether additional competencies are required in the area where the appointment of new directors is concerned;
- In selecting new directors, suggestions made by directors were considered;
- After assessing their suitability, potential candidates are then short-listed by the NC; and
- The most suitable candidate is subsequently appointed to the Board.

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.

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	77	Independent / Non-Executive	5 March 2001	26 September 2013
Mr. Tan Boen Eng	81	Independent / Non-Executive	5 March 2001	26 September 2013
Mr. Lee Ah Fong	68	Independent / Non-Executive	1 March 2011	26 September 2013
Mr. Gn Hiang Meng	66	Independent / Non-Executive	1 June 2013	26 September 2013
Mr. Aric Loh Siang Khee	50	Independent / Non-Executive	1 August 2014	Not applicable
Mr. Phua Chian Kin	55	Non-independent / Executive	15 August 2000	Not applicable
Ms. Saw Chin Choo	52	Non-independent / Executive	10 September 2004	27 September 2012
Mr. Phua Boon Kin	52	Non-independent / Executive	1 September 2008	27 September 2012

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.

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 conducted a Board Performance Evaluation to assess the effectiveness of the Board for FY2014.

In addition, through the NC, the Board ensures that the appointed directors possess core competencies like business experience, knowledge of accounting and finance, legal, and background understanding of the industry. This in turn allows the Board to benefit from the different viewpoints which the directors provide.

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

The NC has determined that given the current size of the Board, the background, experience and expertise of each director and their participation in Board and Board committee meetings, it would not be necessary to evaluate the individual performance of each director.

Access to Information

Principle 6: In order to fulfill 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.

Prior to each meeting, the members of the Board are provided with timely management accounts 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. 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. Any sensitive matters are to be tabled at the Board meetings or discussed without distributing meeting papers.

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 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.

The directors have also been provided with the telephone numbers and electronic communication particulars of the Company's key executives and joint company secretaries to facilitate access. Moreover, 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.

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.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee ("RC") comprises three independent and non-executive directors as follows:

Independent and Non-Executive Directors
Mr. Gn Hiang Meng (Chairman)
Mr. Tan Boen Eng
Mr. Lee Ah Fong

All the RC members are independent from business and management relationships. The independent directors, including Mr. Gn Hiang Meng, the Chairman of the RC, are independent from substantial shareholders.

The responsibilities of the RC are as follows:
- Recommend a framework for remunerating the Board, both executive and non-executive directors and key executives; and
- Review all matters relating to remuneration of the Board and key executives.

Remuneration Matters
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 depends on the performance of each company within the Group.

The Company does not have any long-term incentive schemes (including employment share option scheme) for executive directors and key management personnel. In setting remuneration packages, the Company takes into account the remuneration and employment conditions within the same industry and in comparable companies.

The Board also recommended a fixed fee for the effort, time spent and responsibilities of each independent and non-executive director. The Chairman of the Board is remunerated with a higher director's fee as his level of responsibility is higher. Executive directors do not receive director's fees for FY2014, but are remunerated with attendance fees for their attendance at meetings. The independent directors' fees are subject to shareholders' approval at the AGM. They do not have any service contracts with the Company.

The Company's Articles of Association govern 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 advice on matters relating to remuneration, if the need arises. No director is involved in the determination of his own remuneration.

During FY2014, the Company has engaged an external remuneration consultant, Hay Group Pte. Ltd. to conduct a salary analysis for its management staff. The Company will engage Hay Group Pte. Ltd. to review the remuneration packages of the key executives, executive directors and independent directors for the Group. The external remuneration consultant does not have any relationship with the Group that would affect its independence and objectivity.

The Group Chief Executive & Managing Director has a 3-year renewal service contract with no onerous removal clauses or early termination clauses. The RC would review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly onerous.

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

The Board is of the opinion that the information disclosed below would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and further 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 FY2014 is as follows:

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Director's Fees %[1]	Attendance Fees %	Salaries %[2]	Bonuses %[2]
S$2,750,000 to below S$3,000,000				
Mr. Phua Chian Kin	1	1	16	82
S$500,000 to below S$2,750,000				
NIL	-	-	-	-
S$250,000 to below S$500,000				
Ms. Saw Chin Choo	8	2	70	20
Mr. Phua Boon Kin[3]	7	2	68	23
S$100,000 to below S$250,000				
Mr. Bertie Cheng Shao Shiong	95	5	-	-
Mr. Tan Boen Eng	92	8	-	-
Mr. Lee Ah Fong	87	13	-	-
Below S$100,000				
Mr. Gn Hiang Meng	89	11	-	-
Mr. Aric Loh Siang Khee[4]	-	-	-	-

1. The directors' fees of S$532,913 were approved at the last AGM held on 26 September 2013. Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Mr. Lee Ah Fong and Mr. Gn Hiang Meng were paid, S$175,000, S$111,750, S$95,550 and S$75,000 respectively for FY2014. Mr. Phua Chian Kin, Ms. Saw Chin Choo and Mr. Phua Boon Kin were paid S$16,221 each for FY2014. The balance of S$26,950 was paid to Er. Dr. Lee Bee Wah who resigned on 15 May 2013 to be appointed as Non-Executive Chairman of TEE Land Limited.
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, Group Chief Executive & Managing Director.
4. There were no fees payable to Mr. Aric Loh Siang Khee as he was appointed on 1 August 2014.

Key Executives' Remuneration

The remuneration of each key executive (who are not directors or the CEO) is not disclosed as the Company believes that the disclosure may be prejudicial to its business interests given that it is operating in highly competitive environments.

For competitive reasons and to maintain confidentiality of staff remuneration in the interest of the Company, the names and remuneration details of the top eight key executives (who are not the directors or the CEO) are not disclosed. The remuneration for each of the top eight key executives (who are not directors or CEO) for FY2014 within the band of S$250,000 is as follows:

Remuneration bands	FY2014
S$500,000 to below S$750,000	1
S$250,000 to below S$500,000	2
S$100,000 to below S$250,000	4
Below S$100,000	1

The total remuneration paid to the above eight key executives was S$2,015,437 for FY2014, out of which, the top five key executives were paid S$1,697,640 for FY2014.

CORPORATE GOVERNANCE REPORT

With the exception of Mr. Phua Chian Kin, Mr. Phua Boon Kin, Mr. Phua Cher Chuan and Mr. Phua Cher Chew, there were no employees of the Company who are family members of a Director or the Group Chief Executive & Managing Director of the Company, and whose remuneration exceeded S$50,000 during FY2014. Mr. Phua Boon Kin, Executive Director, is the younger brother (immediate family member) of Mr. Phua Chian Kin, Group Chief Executive & Managing Director. Mr. Phua Cher Chew, Executive Director and Chief Executive Officer of TEE Land Limited and Mr. Phua Cher Chuan, are the nephews of Mr. Phua Chian Kin, Group Chief Executive & Managing Director and Mr. Phua Boon Kin, Executive Director.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

Upon approval and authorisation given by the Board, quarterly and full-year financial statements are presented to the shareholders promptly via SGX-ST's SGXNet broadcast network ("SGXNet") and the Company's corporate website. 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 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, Group Chief Executive & Managing Director 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 Management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties.

Risk Management and Internal Controls

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.

The Board has the overall responsibility for the governance of risks and ensure 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 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 control, providing a more robust and extensive focus on the broader 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.

Having considered the Company's business operation 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. Instead, the oversight of risk management framework and policies is incorporated into the function of the Audit Committee ("AC").

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

During FY2014, the AC also reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls including the adequacy and effectiveness of the Group's financial, operational, compliance and relevant communications by the external auditors as parts of their statutory audit.

The Board has received assurance from the Group Chief Executive & Managing Director and the Group Chief Financial Officer (a) 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 (b) 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 Management and the above assurance from the Group Chief Executive & Managing Director and the Group Chief Financial Officer, 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 as at FY2014. The Company has complied with Rule 1207(10) of the listing manual of SGX-ST.

Audit Committee

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

The Audit Committee ("AC") consists of three independent and non-executive directors as follows:

Independent and Non-Executive Directors
Mr. Tan Boen Eng (Chairman)
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

No former partner or director of the Company's existing auditing firm is a member of the AC.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements to monitor and appraise whether the Management has created and maintained an effective control environment in the Group, as well as providing a channel of communication between the Board, the Management, the internal auditors and the external auditors, on matters arising out of the internal and external audits. Each member of the AC shall abstain from voting any resolution in respect of matters of which he is interested in.

CORPORATE GOVERNANCE REPORT

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 Management to the internal auditors and external auditors;
- Review the adequacy of internal audit function;
- Review and oversee risk management framework and policies;
- 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 auditors and external auditors, audit fees and matters relating to the resignation and dismissal of the auditors;
- Review any interested person transactions and ensure that each transaction has been conducted on an arm's length basis;
- Review any potential conflicts of interest; and
- Consider other matters as defined by the Board.

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

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of the Management. It also has full discretion to invite any director or key executive to attend its meetings. The AC has access to sufficient resources to enable it to discharge its functions properly.

Furthermore, 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 results, the AC meets to review the results announcement together with the Management and if required, the external auditors, prior to its recommendations to the Board for approval.

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

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 Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

It is noted that different auditors have been appointed for some of the overseas subsidiaries and associates. The names of the auditing firms are disclosed in Note 16 and 17 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.

Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditors, Messrs Deloitte & Touche LLP, the amount of audit and non-audit fee payable to Messrs Deloitte & Touche LLP are disclosed in Note 41 of the Notes to Financial Statements in the Annual Report. The AC was satisfied that the nature and extent of such services provided will not prejudice the independence and objectivity of the external auditors, the AC has recommended their re-appointment to the Board.

In addition, 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. 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 incoming staff who just joined the Company will also be briefed of the policy. There were no whistle-blowing letters received during FY2014 and until the date of this report.

Internal Audit

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

The Company has outsourced its internal audit function and appointed Protiviti Pte. Ltd. (the "IA") to provide internal audit services within the Company. The IA has unrestricted access to all the Company's documents, including access to the AC. The IA's primary line of reporting is to the Chairman of the AC.

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

The IA has reviewed key internal controls in selected areas in consultation with, but independent of the Management. In the review, the IA has reported its findings to the AC and recommended areas of improvement to strengthen the Group's internal control system.

Based on the internal controls established and maintained by the Group's work performed by the internal auditors and external auditors, and reviews performed by the Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance, information technology controls and risk management systems risks were adequate as at FY2014.

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.

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 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 via the SGXNet, the publication of the Annual Report and the holding of the AGM. 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 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.

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. The issue of the Notice of AGM is advertised in a major local newspaper.

According to the Company's Articles of Association, at any General meeting a resolution to put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

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.

Shareholders can vote for resolutions or appoint not more than two proxies as mandated/provided by the Company's Articles of Association to attend the AGM on their behalf in the event that they are unable to attend. Separate resolutions on each distinct issue are proposed at the AGM for approval.

The Chairman presides yearly over the AGM and is accompanied by fellow Board members, the Chairman of the AC, NC, RC and EXCO respectively, the joint company secretaries as well as other key executives. The Company's external auditors, Messrs Deloitte & Touche LLP, are also present to address any relevant queries from the shareholders.

The minutes of the AGM are prepared by the joint company secretaries, which include substantial comments or queries from shareholders and responses from the Board members and the Management. These minutes are available to shareholders upon their written request.

Until such time when it is mandatory under the Listing Manual of SGX-ST to vote by poll, voting at the general meetings will be by show of hands unless a poll is demanded. Voting on show of hands enables the Company and shareholders to deal with the business of the AGM expeditiously as the result of the vote is instantly available. The Board will adhere to the requirements of the Listing Manual of SGX-ST where all resolutions are to be voted by poll for general meetings held on and after 1 August 2015.

A poll may be demanded by our Chairman or by at least two members or members representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting.

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.

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.

DEALING IN SECURITIES

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

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

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

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

MATERIAL CONTRACTS

Other than as disclosed under Interested Person Transactions, pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, no material contract involving the interests of the Group Chief Executive & Managing Director, 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 SGX-ST Listing Manual.

The aggregate values of all interested person transactions during the financial year (excluding transactions less than S$100,000) in FY2014 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	105	–	Company with common director

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

USE OF PROCEEDS ARISING FROM EXERCISE OF BONUS WARRANTS

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

As at 22 August 2014, the number of outstanding bonus warrants was 196,452,943. So far, 129,653 warrants were converted to ordinary shares at the exercise price of S$0.25 per warrant. Pending the deployment of the net proceeds, the proceeds of S$32,413.25 is currently deposited with a bank as the directors deemed appropriated in the interests of the Group.

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

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE
The Executive Committee ("EXCO") comprises three independent and non-executive directors and an executive director as follows:

Independent and Non-Executive Directors
Mr. Bertie Cheng Shao Shiong (Chairman)
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

Executive Director
Mr. Phua Chian Kin

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 EXCO meetings held during FY2014 and the attendance of every EXCO member at the meetings are set out below:

	EXCO Meetings	
Name of Member	**No. of meetings held**	**No. of meetings attended**
Mr. Bertie Cheng Shao Shiong	4	4
Mr. Lee Ah Fong	4	4
Mr. Gn Hiang Meng	4	4
Mr. Phua Chian Kin	4	4

FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report 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, 2014.

1 DIRECTORS

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

Mr. Bertie Cheng Shao Shiong
Mr. Tan Boen Eng
Mr. Lee Ah Fong
Mr. Gn Hiang Meng
Mr. Phua Chian Kin
Ms. Saw Chin Choo
Mr. Phua Boon Kin
Mr. Aric Loh Siang Khee (Appointed on August 1, 2014)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Names of directors and company in which interests are held	Shareholdings registered in names of directors			Shareholdings in which directors are deemed to have interests		
	At beginning of year	At end of year	At June 21, 2014	At beginning of year	At end of year	At June 21, 2014
The Company			Ordinary shares			
Mr. Bertie Cheng Shao Shiong	7,300,000	7,300,000	7,300,000	4,000,000	4,000,000	4,000,000
Mr. Tan Boen Eng	191,800	207,521	207,521	-	-	-
Mr. Phua Chian Kin	236,544,282	257,053,156	257,053,156	16,376,264	16,376,264	16,376,264
Ms. Saw Chin Choo	1,136,400	1,229,547	1,229,547	3,312	3,312	3,312
Mr. Phua Boon Kin	105,172	105,172	105,172	-	-	-
A subsidiary, TEE Land Limited			Ordinary shares			
Mr. Phua Chian Kin	-	3,000,000	3,000,000	-	-	-

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

Names of directors and company in which interests are held	Shareholdings registered in names of directors			Shareholdings in which directors are deemed to have interests		
	At beginning of year	At end of year	At June 21, 2014	At beginning of year	At end of year	At June 21, 2014
The Company	Warrants to subscribe for ordinary shares at the exercise price of $0.25 each					
Mr. Bertie Cheng Shao Shiong	-	-	4,520,000	-	-	-
Mr. Tan Boen Eng	-	-	83,008	-	-	-
Mr. Phua Chian Kin	-	-	104,559,262	-	-	6,550,505
Ms. Saw Chin Choo	-	-	491,818	-	-	1,324
Mr. Phua Boon Kin	-	-	42,068	-	-	-

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 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, there were no options to take up unissued shares or any corporation in the Group were granted.

(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.

REPORT OF THE DIRECTORS

6 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. Tan Boen Eng	(Chairman and independent non-executive director)
Mr. Lee Ah Fong	(Independent non-executive director)
Mr. Gn Hiang Meng	(Independent non-executive 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 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 the 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 Annual General Meeting of the Company.

REPORT OF THE DIRECTORS

7 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
September 12, 2014

STATEMENT OF DIRECTORS

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 65 to 141 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at May 31, 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended May 31, 2014 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.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
September 12, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TEE International Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at May 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 141.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at May 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEE INTERNATIONAL LIMITED

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
September 12, 2014

STATEMENTS OF FINANCIAL POSITION
MAY 31, 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets					
Cash and cash equivalents	6	**32,916**	38,061	**2,848**	563
Bank balances pledged	7	**6,528**	11,635	**1,832**	4,017
Trade receivables	8	**42,811**	54,143	**-**	15,620
Other receivables	9	**16,918**	10,360	**23,103**	26,230
Current portion of loans receivable from associates	10	**23,708**	13,103	**3,906**	3,906
Other investments	11	**-**	380	**-**	380
Inventories	12	**-**	3,452	**-**	-
Construction work-in-progress in excess of progress billings	13	**32,637**	36,439	**-**	-
Development properties	14	**157,412**	112,361	**-**	-
Completed property held for sale	14	**1,216**	-	**-**	-
Assets classified as held for sale	15	**14,116**	-	**3,122**	-
Total current assets		**328,262**	279,934	**34,811**	50,716
Non-current assets					
Bank balances pledged	7	**410**	-	**-**	-
Investment in associates	16	**27,893**	20,881	**300**	300
Investment in subsidiaries	17	**-**	-	**100,745**	104,835
Intangible assets	18	**-**	4,071	**-**	-
Club membership	19	**46**	50	**46**	50
Property, plant and equipment	20	**11,950**	3,248	**38**	16
Investment properties	21	**33,120**	21,500	**23,000**	21,500
Deferred tax assets	22	**113**	443	**-**	-
Other receivables	9	**11,164**	8,088	**-**	-
Loans receivable from associates	10	**28,652**	25,555	**-**	-
Total non-current assets		**113,348**	83,836	**124,129**	126,701
Total assets		**441,610**	363,770	**158,940**	177,417

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	23	**59,718**	70,084	**9,500**	11,600
Trade payables	24	**47,201**	56,350	**46**	5,501
Other payables	25	**22,600**	22,969	**54,007**	84,063
Progress billings in excess of construction work-in-progress	13	**490**	6,395	**-**	-
Provision for maintenance costs	26	**174**	265	**-**	-
Current portion of finance leases	27	**77**	210	**-**	-
Current portion of long-term bank loans	29	**38,719**	13,655	**17,411**	1,300
Current portion of financial guarantee liabilities	30	**734**	933	**1,025**	1,463
Income tax payable		**1,638**	3,741	**-**	-
Liabilities directly associated with assets classified as held for sale	15	**8,856**	-	**-**	-
Total current liabilities		**180,207**	174,602	**81,989**	103,927
Non-current liabilities					
Finance leases	27	**345**	745	**-**	-
Long-term loan	28	**4,050**	4,050	**-**	-
Long-term bank loans	29	**113,150**	80,836	**15,094**	7,258
Financial guarantee liabilities	30	**2,050**	2,091	**2,136**	3,285
Long-term deposit	31	**730**	730	**730**	730
Deferred tax liabilities	22	**1,084**	374	**-**	-
Other payables	25	**13**	18	**-**	-
Total non-current liabilities		**121,422**	88,844	**17,960**	11,273
Capital, reserves and non-controlling interests					
Share capital	32	**56,151**	47,978	**56,151**	47,978
Currency translation reserve	33	**(1,072)**	51	**-**	-
Capital reserve	34	**21,084**	(46)	**(40)**	-
Accumulated profits		**17,752**	45,205	**2,880**	14,239
Equity attributable to owners of the Company		**93,915**	93,188	**58,991**	62,217
Non-controlling interests		**46,066**	7,136	**-**	-
Net equity		**139,981**	100,324	**58,991**	62,217
Total liabilities and equity		**441,610**	363,770	**158,940**	177,417

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MAY 31, 2014

	Note	Group 2014	Group 2013
		$'000	**$'000**
Revenue	35	**202,823**	216,541
Cost of sales		**(200,315)**	(184,710)
Gross profit		**2,508**	31,831
Other operating income	36	**7,626**	4,045
Administrative expenses		**(20,561)**	(17,950)
Other operating expenses	38	**(3,300)**	(1,891)
Share of results of associates	16	**8,323**	2,194
Finance costs	39	**(3,321)**	(2,322)
(Loss) Profit before tax		**(8,725)**	15,907
Income tax expense	40	**(1,965)**	(2,712)
(Loss) Profit for the year	41	**(10,690)**	13,195
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences, representing other comprehensive loss for the year		**(1,214)**	(209)
Total comprehensive (loss) income for the year		**(11,904)**	12,986
(Loss) Profit attributable to:			
Owners of the Company		**(13,579)**	13,203
Non-controlling interests		**2,889**	(8)
		(10,690)	13,195
Total comprehensive (loss) income attributable to:			
Owners of the Company		**(14,702)**	13,068
Non-controlling interests		**2,798**	(82)
		(11,904)	12,986
(Loss) Earnings per share			
Basic (cents)	43	**(2.82)**	3.13
Diluted (cents)	43	**(2.82)**	3.13

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MAY 31, 2014

	Share capital	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
Group							
Balance at June 1, 2012	32,104	186	845	42,500	75,635	(1,330)	74,305
Total comprehensive income for the year:							
Profit for the year	-	-	-	13,203	13,203	(8)	13,195
Other comprehensive loss for the year	-	(135)	-	-	(135)	(74)	(209)
Transaction with owners, recognised directly in equity:							
Acquisition of non-controlling interests in a subsidiary	-	-	(6)	-	(6)	(2)	(8)
Liquidation of a subsidiary	-	-	-	-	-	14	14
Acquisition of a subsidiary (Note 47)	-	-	-	-	-	2,555	2,555
Capital contribution from non-controlling interests	-	-	(40)	-	(40)	5,981	5,941
Issue of shares arising from exercise of warrants (Notes 32 and 34)	15,874	-	(845)	-	15,029	-	15,029
Dividends paid (Note 42)	-	-	-	(10,498)	(10,498)	-	(10,498)
Balance at May 31, 2013	47,978	51	(46)	45,205	93,188	7,136	100,324
Total comprehensive loss for the year:							
Loss for the year	-	-	-	(13,579)	(13,579)	2,889	(10,690)
Other comprehensive loss for the year	-	(1,123)	-	-	(1,123)	(91)	(1,214)
Transaction with owners, recognised directly in equity:							
Net capital contribution from non-controlling interests	-	-	21,170	-	21,170	38,097	59,267
Issue of shares under Scrip Dividend Scheme (Note 32)	8,173	-	-	(8,173)	-	-	-
Expenses incurred on issue of bonus warrants (Note 34)	-	-	(40)	-	(40)	-	(40)
Dividends paid (Note 42)	-	-	-	(5,701)	(5,701)	(1,965)	(7,666)
Balance at May 31, 2014	56,151	(1,072)	21,084	17,752	93,915	46,066	139,981

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2014

	Share capital	Capital reserve	Accumulated profits	Total
	$'000	$'000	$'000	$'000
Company				
Balance at June 1, 2012	32,104	845	6,693	39,642
Profit for the year, representing total comprehensive income for the year	-	-	18,044	18,044
Transaction with owners, recognised directly in equity:				
Issue of shares arising from exercise of warrants (Notes 32 and 34)	15,874	(845)	-	15,029
Dividends paid (Note 42)	-	-	(10,498)	(10,498)
Balance at May 31, 2013	47,978	-	14,239	62,217
Profit for the year, representing total comprehensive income for the year	-	-	2,515	2,515
Transaction with owners, recognised directly in equity:				
Issue of shares under Scrip Dividend Scheme (Note 32)	8,173	-	(8,173)	-
Expenses incurred on issue of bonus warrant (Note 34)	-	(40)	-	(40)
Dividends paid (Note 42)	-	-	(5,701)	(5,701)
Balance at May 31, 2014	56,151	(40)	2,880	58,991

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2014

	Group 2014	Group 2013
	$'000	$'000
Operating activities		
(Loss) Profit before tax	**(8,725)**	15,907
Adjustments for:		
Share of results of associates	**(8,323)**	(2,194)
Change in fair value of investment properties	**(2,705)**	-
Change in fair value of interest rate swap contract	**-**	(179)
Amortisation of fair value adjustment arising from acquisition of a subsidiary	**-**	(26)
Depreciation of property, plant and equipment	**1,285**	2,442
Loss on liquidation of a subsidiary	**-**	98
Amortisation of financial guarantee liabilities	**(1,035)**	(885)
Amortisation of intangible assets	**543**	271
Allowance for doubtful trade receivables	**1**	-
Allowance for other receivables	**3**	-
Impairment loss on (Write back of) value of club membership	**4**	(1)
Allowance for diminution in value on development property	**733**	-
Trade receivables written off	**-**	115
Other receivables written off	**-**	4
Property, plant and equipment written off	**3**	-
Gain on disposal of property, plant and equipment	**(7)**	(108)
Provision for (Write back of) maintenance costs	**331**	(575)
Gain on disposal of other investments	**(11)**	(47)
Change in fair value of other investments	**16**	(75)
Dividend income	**-**	(16)
Interest income	**(2,409)**	(2,048)
Interest expense	**3,321**	2,322
Operating cash flows before movements in working capital	**(16,975)**	15,005
Trade receivables	**8,664**	(18,961)
Other receivables	**(7,901)**	(4,356)
Inventories	**313**	(1,380)
Construction work-in-progress in excess of progress billings	**3,256**	(21,906)
Development properties	**(45,784)**	(18,774)
Completed property held for sale	**(1,216)**	-
Trade payables	**(7,485)**	22,342
Other payables	**6,661**	749
Progress billings in excess of construction work-in-progress	**(5,905)**	(309)
Utilisation of provision for maintenance costs	**(418)**	(1,512)
Cash used in operations	**(66,790)**	(29,102)
Interest paid	**(5,001)**	(4,345)
Income tax paid	**(2,915)**	(3,083)
Net cash used in operating activities	**(74,706)**	(36,530)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2014

	Group	
	2014	**2013**
	$'000	**$'000**
Investing activities		
Proceeds on disposal of property, plant and equipment	**50**	250
Purchase of property, plant and equipment (Note A)	**(11,075)**	(2,486)
Purchase of investment property	**(8,915)**	-
Proceeds on disposal of other investments	**375**	614
Investment in associates	**(783)**	(604)
Acquisition of non-controlling interests in a subsidiary	**-**	(8)
Acquisition of a subsidiary	**-**	(1,679)
Loans receivable from associates	**(13,702)**	(2,613)
Dividend received from associates	**1,319**	-
Dividend received	**-**	16
Interest received	**214**	561
Net cash used in investing activities	**(32,517)**	(5,949)
Financing activities		
Drawdown of bank loans	**159,909**	164,254
Repayment of bank loans	**(169,300)**	(133,444)
Drawdown of long-term bank loans	**80,583**	28,089
Repayment of long-term bank loans	**(21,807)**	(5,809)
Decrease (increase) bank balances pledged	**4,697**	(854)
Decrease in restricted cash	**-**	1,344
Repayment of obligations under finance leases	**(224)**	(184)
Net proceeds from exercise of warrants	**-**	15,029
Payment of warrant issuance expenses	**(40)**	-
Capital contribution from non-controlling interests	**62,100**	5,941
Payment of share issuance expenses	**(2,833)**	-
Dividends paid to shareholders (Note B)	**(5,701)**	(10,498)
Dividends paid to non-controlling interests	**(1,965)**	-
Net cash from financing activities	**105,419**	63,868
Net (decrease) increase in cash and cash equivalents	**(1,804)**	21,389
Cash and cash equivalents at beginning of year	**33,243**	12,125
Effect of foreign exchange rate changes	**(66)**	(271)
Cash and cash equivalents at end of year (Note 6)	**31,373**	33,243

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $11,259,000 (2013: $2,947,000) of which $184,000 (2013: $461,000) was acquired under finance lease arrangements.

Note B

During the year, the Company allotted and issued 26,797,311 ordinary shares at an issue price of 30.5 cents per share to eligible shareholders who have validly elected to participate in the TEE International Scrip Dividend Scheme in respect of the first and final ordinary dividend of 2.5 cents per share for the financial year ended May 31, 2013.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

1 GENERAL

The Company (Registration No. 200007107D) is incorporated in Singapore with its principal place of business and registered office at 2024 Bukit Batok Street 23, #03-48, Singapore 659529. 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 and subsidiaries are disclosed in Notes 16 and 17 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, 2014 were authorised for issue by the Board of Directors on September 12, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On June 1, 2013, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI")

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

FRS 113 Fair Value Measurement

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, 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 (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

When the Group adopts FRS 110, entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

When the Group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. For arrangements that are joint ventures and were previously proportionately consolidated as jointly controlled entities, the Group will have to adopt equity accounting.

The Group is currently estimating the effects of FRS 111 and FRS 28 (Revised) on its investments in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014. Upon adoption of FRS 112, the Group expects expanded disclosures relating to its interests in subsidiaries, associates and joint arrangements.

Amendments to FRS 32 Financial Instruments: Presentation

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required. The Group does not expect the application of these amendments to FRS 32 to have a significant impact on the financial statements of the Group and the Company.

Amendments to FRS 36 Impairment of Assets

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

The amendments to FRS 36 will take effect from financial years beginning on or after January 1, 2014, with retrospective application required.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders 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 (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control 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 subsidiary. 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, the profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company's financial statements, investments in subsidiaries and associates 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 in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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.

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

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.

<u>Effective interest method</u>

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 other than those financial instruments at "fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

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

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

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; 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. Fair value is determined in the manner described in Note 4.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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.

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

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

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

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

Derecognition of financial assets

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The Group as lessor

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

The Group as lessee

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

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

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

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale. This condition is regarded as met only when the sale is highly probable and the asset 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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 lower of cost and net realisable value. 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 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. Show flats expenses are capitalised and amortised over the marketing period.

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.

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

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

Leasehold improvements	-	20%
Computers	-	25% to 100%
Renovation	-	20%
Motor vehicles	-	10% to 100%
Machinery and tools	-	15% to 100%
Office equipment	-	15% to 20%

Freehold land is not depreciated.

Depreciation is also not provided on property under construction as the asset is not available for use.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES - 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.

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

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

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

INTERESTS IN JOINT VENTURES - 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.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised by the Group when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, 2014

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:

a) on a continuous transfer basis; or

b) 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 at that time.

Revenue from sale of overseas development properties is recognised when the legal title passes to the buyer or when the equitable interest in the property vest in the buyer upon release of the handover notice of the respective property to the buyer, whichever 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

RETIREMENT BENEFIT COSTS - 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 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, and is accounted for using the balance sheet liability method. 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 for taxable temporary differences arising on investments in subsidiaries and associates, 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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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

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

The management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements other than the investigation by the Commercial Affairs Department as set out in Note 49 to the financial statements and those involving estimates as discussed below.

(b) Key sources of estimation uncertainty

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

(i) Percentage of completion for revenue recognition

The Group uses the stage of completion method to account for its contract revenue and contract costs arising from the sale of development properties in Singapore under progressive payment scheme that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – *Agreement for the Construction of Real Estate*.

The stage of completion is measured by reference to certification of value of work performed to date. Where there is no certification of value available, the stage of completion is based on the respective costs incurred to date as compared to the total budgeted costs of the development.

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

(ii) Allowances for doubtful trade and other receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's and Company's trade and other receivables are disclosed in Notes 8 and 9 respectively.

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

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

(iii) Loans receivable from associates

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

(iv) Impairment of investment in associates and subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in associates 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 the Company's investment in subsidiaries are disclosed in Notes 16 and 17 respectively.

(v) Construction work-in-progress

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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

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

(vi) Valuation of investment properties

Investment properties are stated at fair value based on independent professional valuations.

In determining fair values, the valuers have used valuation techniques (including direct comparison method and investment method) which involve estimates and significant unobservable inputs which are disclosed in Note 21.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to that reflective of the investment properties. The investment method capitalises an expected future income stream into a present value using multipliers or single year capitalisation rates.

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.

(vii) Development properties

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

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

The carrying amount of the Group's development properties is 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.

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

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

(x) Deferral of show flats costs

Show flats 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, cost incurred are deferred and recognised as prepayment in the consolidated statement of financial position until the show flats are ready for use and amortised over the marketing period.

Management reviews the marketing period and determined the marketing period shall not exceed one year. In arriving at this conclusion, management has considered current market demand for property market and response from marketing activities of these development properties.

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

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	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables				
(including cash and bank balances)	**156,962**	154,661	**31,646**	50,299
Fair value through profit or loss:				
Held for trading investments	**-**	380	**-**	380
Financial liabilities				
Amortised cost	**285,260**	248,956	**96,788**	110,452
Financial guarantee liabilities	**2,784**	3,024	**3,161**	4,748

Financial assets consist of cash and bank balances, trade receivables, other receivables, loans receivable from associates and other investments excluding prepayments 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 bank loans, financial guarantee liabilities and long-term deposit excluding advances received from customers.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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

(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 interest rate risk including interest rate swap to mitigate the risk.

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

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

Foreign exchange risk management

The Group transacts business in various foreign currencies including United States ("US") Dollar, Thai Baht, Malaysian Ringgit, British Sterling Pound, New Zealand Dollar and Australian Dollar ("AUD") 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				Company			
	Liabilities		Assets		Liabilities		Assets	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
US Dollar	**162**	434	**23**	9	**-**	-	**-**	-
Thai Baht	**2,061**	4,892	**1,279**	1,625	**-**	-	**-**	-
Malaysian Ringgit	**-**	-	**26**	28	**-**	-	**26**	28
British Sterling Pound	**-**	666	**-**	-	**-**	-	**-**	-
New Zealand Dollar	**4,900**	-	**12**	-	**-**	-	**-**	-
AUD	**18**	-	**1,104**	-	**-**	-	**-**	-

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.

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

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

Foreign currency sensitivity (cont'd)

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

	US Dollar impact		Thai Baht impact		Malaysian Ringgit impact		British Sterling Pound impact		New Zealand Dollar impact		AUD impact	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group												
Profit or loss	**14**	43	**78**	327	**(3)**	(3)	**-**	67	**489**	-	**(109)**	-
Company												
Profit or loss	**-**	-	**-**	-	**(3)**	(3)	**-**	-	**-**	-	**-**	-

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

Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on cash and bank balances and borrowings. The Group obtained financing through bank loans, overdrafts and finance leases and the details of the Group's interest rate exposure is disclosed in Notes 23, 27 and 29.

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, 2014 would increase/decrease by $411,000 (2013: profit of the year would decrease/increase by $431,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended May 31, 2014 would decrease/increase by $178,000 (2013: $101,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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

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

Credit risk management

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

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

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

The maximum amount that the Group and the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee are $111,351,000 and $341,097,000 (2013: $114,371,000 and $346,339,000) 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, 2014, the Company's current liabilities exceeded its current assets by $47,178,000. Management is of the view that its subsidiaries will be able to provide support, by way of issue of dividends, to enable the Company to meet its financial obligations as and when they fall due.

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

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

Liquidity and interest risk analysis

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
2014						
Non-interest bearing	**-**	**73,251**	**-**	**-**	**-**	**73,251**
Finance lease liability (fixed rate)	**5.31**	**98**	**342**	**43**	**(61)**	**422**
Variable interest rate instruments	**3.35**	**92,580**	**107,088**	**15,110**	**(16,896)**	**197,882**
Fixed interest rate instruments	**5.02**	**13,185**	**1,316**	**-**	**(796)**	**13,705**
Financial guarantee liabilities	**-**	**109,301**	**1,749**	**301**	**(108,567)**	**2,784**
2013						
Non-interest bearing	-	83,426	-	-	-	83,426
Finance lease liability (fixed rate)	5.53	252	788	32	(117)	955
Variable interest rate instruments	3.38	84,330	84,232	2,233	(10,883)	159,912
Fixed interest rate instruments	5.33	4,759	-	-	(96)	4,663
Financial guarantee liabilities	-	112,280	1,606	485	(111,347)	3,024

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						
2014						
Non-interest bearing	**-**	**54,783**	**-**	**-**	**-**	**54,783**
Variable interest rate instruments	**3.68**	**23,057**	**6,804**	**10,802**	**(5,004)**	**35,659**
Fixed interest rate instruments	**3.75**	**5,419**	**1,273**	**-**	**(346)**	**6,346**
Financial guarantee liabilities	**-**	**338,961**	**1,835**	**301**	**(337,936)**	**3,161**
2013						
Non-interest bearing	-	90,294	-	-	-	90,294
Variable interest rate instruments	3.22	13,549	6,135	2,290	(1,816)	20,158
Financial guarantee liabilities	-	343,054	2,800	485	(341,591)	4,748

The earliest period that the guarantee could be called is within 1 year (2013: 1 year) from the end of the reporting period. The Group and Company considers that it is more likely than not that no amount will be payable under the arrangement.

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

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

	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						
2014						
Non-interest bearing	**-**	**89,642**	**7,233**	**-**	**-**	**96,875**
Fixed interest rate instruments	**4.02**	**40,209**	**23,073**	**-**	**(3,195)**	**60,087**
2013						
Non-interest bearing	-	102,101	-	-	-	102,101
Held for trading investments	-	380	-	-	-	380
Fixed interest rate instruments	5.31	27,141	29,655	-	(4,236)	52,560
Company						
2014						
Non-interest bearing	**-**	**25,908**	**-**	**-**	**-**	**25,908**
Fixed interest rate instruments	**3.03**	**5,908**	**-**	**-**	**(170)**	**5,738**
2013						
Non-interest bearing	-	42,376	-	-	-	42,376
Held for trading investments	-	380	-	-	-	380
Fixed interest rate instruments	4.17	8,253	-	-	(330)	7,923

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)

<u>Fair value of financial assets and financial liabilities</u>

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.

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)

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

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as follows:

Financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	$'000	**$'000**	**$'000**	**$'000**
Group and Company				
2014				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	**-**	**-**	**-**	**-**
Financial liabilities				
Contingent consideration (1)	**1,122**	**-**	**-**	**1,122**
2013				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	380	380	-	-
Financial liabilities				
Contingent consideration (1)	1,122	-	-	1,122

(1) In the event that the profit after tax for the year ended March 2013 is less than the profit after tax for the year ended March 2012 ("shortfall") by more than ten percent (10%), the actual shortfall shall be computed and the total consideration shall be adjusted by deducting the shortfall from the contingent consideration payable to the vendors. Management had assessed that the likelihood of the shortfall to be more than 10% is remote and hence had recognised the full contingent consideration. In the current year, based on the audited accounts of Interlift for the year ended March 2013, the shortfall is less than 10% and hence, the Company is liable for the full contingent consideration (Note 47).

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in 2014 and 2013.

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

(c) Capital risk management policies and objectives

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 23, 27 and 29 and equity attributable to owners of the Company, comprising of share capital, reserves and retained earnings. The Group is required to maintain maximum gearing in order to comply with covenants in loan agreements with banks and financial institutions.

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

The Group monitors capital using debt ratio as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Total debt	**212,009**	165,530
Total assets	**441,610**	363,770
Total equity	**139,981**	100,324
Debt-to-total assets ratio (times)	**0.48**	0.46
Debt-to-total equity ratio (times)	**1.51**	1.65

Breach of bank covenant

As at May 31, 2014, the Group and Company had breached a bank covenant of interest cover ratio as a result of an one-off project cost overrun on a completed project.

The breach entitled certain banks the right to review the facilities, including the right to demand immediate repayment of bank borrowings of $22,059,000 for the Group and $15,858,000 for the Company. Consequently, non-current portion of long-term bank loans of $13,372,500 was reclassified to current liabilities.

The Group's overall strategy with regards to capital risk management remains unchanged from 2013.

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	
	2014	**2013**
	$'000	**$'000**
(a) Associates		
Interest income	**2,350**	2,024
Financial guarantee income	**1,035**	885
Consultancy and service income	**54**	-
(b) Company in which a director has significant financial interest		
Rental expenses	**105**	128

(c) Compensation of directors and key management personnel

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

	2014	**2013**
Short-term benefits	**6,104**	3,692
Post-employment benefits	**108**	127

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

(d) Finance lease entered on behalf of a director

The Group had entered into a finance lease for the purchase of a motor vehicle on behalf of a director who undertakes to repay the finance lease. As at the end of the reporting period, the finance lease of $71,000 (2013: $96,000) was not recorded into the Group's financial statements.

(e) Guarantees given to related parties

No guarantees have been given except that the financial guarantee liabilities (Note 30) pertaining to the effects of fair value of corporate guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

(f) Provision of civil and structural engineering consultancy services by an independent non-executive director of a subsidiary

One of the Group's independent non-executive directors is a group director of Meinhardt (Singapore) Pte Ltd which has acquired LBW Consultants LLP during the year 2014, a firm providing civil and structural engineering consultancy services for certain projects of the Group.

The aggregate amounts charged by LBW Consultants LLP during the year was $40,000 (2013: $93,000).

NOTES TO FINANCIAL STATEMENTS

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6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks	**11,468**	16,938	**2,811**	557
Cash on hand	**109**	123	**37**	6
Project accounts:				
Cash at banks	**13,317**	16,000	**-**	-
Fixed deposits	**8,013**	5,000	**-**	-
Fixed deposits	**9**	-	**-**	-
	32,916	38,061	**2,848**	563
Add: Cash and cash equivalents reclassified held for sale (Note 15)	**2,631**	-	**-**	-
Less: Bank overdrafts (Note 23)	**(4,174)**	(4,818)	**-**	-
Cash and cash equivalents in the consolidated statement of cash flows	**31,373**	33,243	**2,848**	563

Fixed deposits bear average effective interest rate of 0.32% (2013: 0.23%) per annum and for a tenure of approximately 124 days (2013: 184 days).

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

7 BANK BALANCES PLEDGED

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Bank balances pledged	**6,938**	11,635	**1,832**	4,017
Less: Amounts receivable within 12 months (shown under current assets)	**(6,528)**	(11,635)	**(1,832)**	(4,017)
Amounts receivable after 12 months	**410**	-	**-**	-

These bank balances were pledged as security for certain bank facilities and bear average effective interest rate of 0.59% (2013: 0.28%) per annum and for a tenure of approximately 596 days (2013: 288 days).

8 TRADE RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries (Note 17)	**-**	-	**-**	-
Associates (Notes 5 and 16)	**17**	-	**-**	-
Contract trade receivables	**39,582**	51,393	**-**	15,620
Retention sums	**2,727**	2,750	**-**	-
Others	**485**	-	**-**	-
Total	**42,811**	54,143	**-**	15,620

The average credit period given to customers is 14 to 45 (2013: 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 $1,000 (2013: $107,000) and by the Company to a subsidiary of $3,285,000 (2013: $NIL) respectively. 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 $193,000 (2013: $1,179,000) and $NIL (2013: $NIL) respectively which are past due at the end of the reporting period for which the Group and Company have 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 178 days (2013: 146 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 eleven (2013: nine) customers making up $16,864,000 (2013: $29,377,000) which accounted for 39.4% (2013: 54.3%) of the Group's trade receivables. In 2013, the Company had one customer with a balance of $15,620,000 which accounted for 100% of the Company'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.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

8 TRADE RECEIVABLES (cont'd)

Movements in the allowance for doubtful debts:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of the year	**107**	212	**-**	-
Acquisition of a subsidiary	**-**	107	**-**	-
Foreign currency exchange adjustment	**-**	3	**-**	-
Amounts written off during the year	**-**	(215)	**-**	-
Increase in allowance recognised in profit or loss	**1**	-	**3,285**	-
Reclassified as held for sale (Note 15)	**(107)**	-	**-**	-
At end of the year	**1**	107	**3,285**	-

9 OTHER RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Associates (Notes 5 and 16)	**1,404**	95	**4**	95
Subsidiaries (Note 17)	**-**	-	**22,114**	25,446
Related parties (Note 5)	**3,791**	3	**-**	-
Interest receivables due from associates (Notes 5 and 16)	**5,858**	3,663	**890**	578
Prepayments	**1,502**	4,565	**43**	37
Deposits	**5,659**	2,589	**2**	67
Joint developer	**6,309**	6,313	**-**	-
Advances to a director of a subsidiary	**18**	22	**-**	-
Outside parties	**3,541**	1,198	**50**	7
	28,082	18,448	**23,103**	26,230
Less: Amounts receivable within 12 months (shown under current assets)	**(16,918)**	(10,360)	**(23,103)**	(26,230)
Amounts receivable after 12 months	**11,164**	8,088	**-**	-

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.

9 OTHER RECEIVABLES (cont'd)

(a) The advances to a director of a subsidiary are unsecured, interest-free and not repayable within the next twelve months. An allowance has been made for estimated irrecoverable amounts by the Group of $471,000 (2013: $515,000).

(b) Included in other receivables due from related parties are amounts of $3,750,000 and $41,000 (2013: $NIL and $3,000) which are due from a company in which one of the Group executive directors is a common director and non-controlling shareholders respectively. Both amounts are unsecured, interest-free and repayable after 12 months from the end of the reporting period.

(c) The amounts due from outside parties are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Group of $21,000 (2013: $26,000).

(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 $16,166,000 (2013: $2,017,000) .

(e) In March 2010, the Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore. The Group recognised the related assets, liabilities, income and expenses arising from the joint venture in accordance with the accounting policy as described in Note 2.

The amount of $6,309,000 (2013: $6,309,000) due from joint developer is unsecured, interest-free and to be repaid upon settlement of the final account. In 2013, remaining amount of $4,000 was unsecured, interest-free and repayable on demand. The fair value of the amount due from joint developer approximates its carrying amount.

(f) Included in prepayments is an amount of $580,000 (2013: $NIL) relating to initial recognition of show flat costs for development properties (Note 14) capitalised less amortisation over marketing period not exceeding one year.

(g) In 2014, included in the deposits are amounts of $1,051,000 and $3,592,000 for an option to purchase a 3-star hotel in Sydney, Australia and a deposit to acquire 26 plots of freehold land located in Klang, Negeri Selangor, Malaysia respectively. In 2013, included in the deposits was a total amount of $1,719,000 for option to purchase the property at 25 Bukit Batok Street 22, and Riccarton Holiday Park in Christchurch, New Zealand.

Movements in the allowance for doubtful debts:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of the year	**541**	542	**2,017**	1,989
Foreign currency exchange adjustment	**(49)**	20	**-**	-
Amount written off during the year	**(3)**	(21)	**-**	-
Increase in allowance recognised in profit or loss	**3**	-	**14,149**	28
At end of the year	**492**	541	**16,166**	2,017

NOTES TO FINANCIAL STATEMENTS

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10 LOANS RECEIVABLE FROM ASSOCIATES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable from associates	**52,360**	38,658	**3,906**	3,906
Less: Amounts receivable within 12 months (shown under current assets)	**(23,708)**	(13,103)	**(3,906)**	(3,906)
Amounts receivable after 12 months	**28,652**	25,555	**-**	-

Included in the loans receivable from associates is an amount of $7,278,000 (2013: $2,733,000) which is unsecured, interest-free and expected to be repaid upon completion of the development project held by an associate. The remaining amount of $45,082,000 (2013: $35,925,000) is unsecured, bears interest which is fixed at rates ranging from 5.00% to 8.00% (2013: 5.00% to 8.00%) per annum. Management has assessed the credit worthiness of the associates and believes that no allowance is required for the loans receivable from associates.

The fair value of the Group's and Company's loans receivable from associates approximates their carrying amounts.

The Group executed two deeds of subordination (the "deeds") to secure all liabilities and indebtedness of two (2013: two) of its associates. As a result of the deeds, the loans receivable from associates amounting to $5,356,000 (2013: $6,932,000) are subordinated in rank to the credit facilities granted by the banks to the associates.

11 OTHER INVESTMENTS

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Quoted equity shares, at fair value	**-**	380

The investments above included investments in quoted equity securities that offered the Group and Company the opportunity for return through dividend income and fair value gains. They had no fixed maturity or coupon rate. The fair values of these securities were based on closing quoted market prices on the last market day of the financial year. The investments were classified as held for trading.

12 INVENTORIES

	Group	
	2014	2013
	$'000	$'000
At net realisable value:		
Raw materials	-	1,922
Work-in-progress	-	1,530
Net	-	3,452

Movements in the allowance for inventories:

	Group	
	2014	2013
	$'000	$'000
At beginning of the year	**5**	115
Amounts written off during the year	-	(110)
At end of the year	**5**	5

The allowance for inventories recognised in profit or loss was in respect of write-downs of inventory to net realisable value.

13 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2014	2013
	$'000	$'000
Contract cost incurred plus recognised profits	**288,999**	186,144
Less: Progress billings	**(256,852)**	(156,100)
Net	**32,147**	30,044
Presented in the statements of financial position as:		
Construction work-in-progress in excess of progress billings	**32,637**	36,439
Progress billings in excess of construction work-in-progress	**(490)**	(6,395)
Net	**32,147**	30,044

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

14 DEVELOPMENT PROPERTIES

	Group 2014	2013
	$'000	**$'000**
Continuous transfer of significant risk and rewards to ownerships as construction progresses		
Cost incurred plus attributable profit	**183,671**	123,028
Progress billings	**(24,310)**	(10,667)
Allowance for diminution in value	**(733)**	-
Net	**158,628**	112,361
Presented in the statements of financial position as:		
Development properties	**157,412**	112,361
Completed property held for sale	**1,216**	-
Total	**158,628**	112,361

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.

An allowance for diminution in value of $733,000 (2013: $NIL) was made on a property due to the weakening market conditions and the slow take up rate of the property.

Details of the Group's development properties and completed property as at May 31, 2014 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:							
79, 79A, 79B, 81, 81A, 81B, 83, 83A, 83B and 85 Duku Road, Singapore	51 units of residential apartment	Freehold	25%	March 2015	2,568	3,595	71%
47, 49 and 51 Cairnhill Circle, Singapore (1)	52 units of residential apartment	Freehold	82%	August 2014	978	3,008	19%
55, 57, 59 and 61 Cairnhill Circle, Singapore (1)	60 units of residential apartment	Freehold	37%	September 2015	1,509	4,642	19%

14 DEVELOPMENT PROPERTIES (cont'd)

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: (cont'd)							
64, 66, 68, 70, 72 74, 76, 78 and 80 Hillside Drive, Hillside Gardens, Singapore	28 units of residential apartment	999 years Leasehold	*	December 2017	2,001	2,801	71%
183 Upper Thomson Road, Singapore	43 residential units and 16 commercial units	Freehold	*	December 2019	1,576	4,728	71%
PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia	701 residential units and 31 commercial units	Freehold	*	December 2016	24,085	72,257	71%
Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	Vacant plot of commercial land	50 years Leasehold	*	**	6,029	**	46%
Completed property:							
91 Marshall Road, Singapore	2 unsold completed units of residential apartment	Freehold	100%	May 2014	1,225	1,714	71%

(1) These properties in the course of development are joint developments (Note 9).
* No revenue has been recognised in respect of these development properties.
** Master plan is in progress.

Certain development properties were pledged to banks to secure long-term bank loans granted to the Group as disclosed at Notes 23 and 29 respectively.

Finance costs capitalised as cost of development properties during the financial year amounted to $2,194,000 (2013: $2,057,000). The rate of interest relating to finance costs capitalised in development properties for the Group during the financial year is 1.41% to 7.35% (2013: 1.40% to 7.35%) per annum.

NOTES TO FINANCIAL STATEMENTS

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15 ASSETS CLASSIFIED HELD FOR SALE

During the year, management has committed to divest its interest in its 55% owned subsidiary, Interlift Sales Pte Ltd ("Interlift") (Note 17). The divestment was effected in order to generate cash flow for working capital purposes. On July 10, 2014, the Company has entered into a sales and purchase agreement with third parties to dispose its interest in Interlift for a total consideration of $3,202,000, which shall be settled in cash and set-off against the contingent consideration of $1,122,000 (Note 47). The divestment is expected to be completed within 12 months and accordingly, the investment has been classified as asset classified held for sale and are presented separately in the statement of financial position. The operation of Interlift is included in the Group's engineering activity for segment reporting purposes.

The proceed of disposal are expected to exceed the Group's share of the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities comprising the disposal entity classified as held for sale are as follows:

	Group 2014	Company 2014
	$'000	**$'000**
Asset classified as held for sale		
Cash and cash equivalents	**2,631**	-
Trade receivables	**2,667**	-
Other receivables	**404**	-
Inventories	**3,139**	-
Construction work-in-progress	**546**	-
Property, plant and equipment	**1,201**	-
Intangible assets	**3,528**	-
Investment in subsidiary	-	**3,122**
Total assets classified as held for sale	**14,116**	**3,122**
Liabilities directly associated with asset classified as held for sale		
Bank loans and overdrafts	**(331)**	-
Trade payables	**(1,664)**	-
Other payables	**(5,353)**	-
Provision for maintenance costs	**(4)**	-
Finance leases	**(470)**	-
Long-term bank loans	**(921)**	-
Income tax payable	**(19)**	-
Deferred tax liabilities	**(94)**	-
Total liabilities directly associated with asset classified as held for sale	**(8,856)**	-
Net	**5,260**	**3,122**

16 INVESTMENT IN ASSOCIATES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost	**12,555**	11,772	**300**	300
Deemed cost of investment	**5,592**	4,797	**-**	-
Share of post-acquisition reserves, net of dividend received	**9,746**	4,312	**-**	-
Total	**27,893**	20,881	**300**	300

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.

Movements in the allowance for impairment loss:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of the year	**-**	-	**-**	267
Decrease in allowance recognised in profit and loss	**-**	-	**-**	(267)
At end of the year	**-**	-	**-**	-

Management had performed an impairment review on the investment of associates and this led to impairment loss of $NIL (2013: reversal of impairment loss of $267,000) recognised during the financial year based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

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16 INVESTMENT IN ASSOCIATES (cont'd)

Details of the Group's significant associates at May 31, 2014 are as follows:

Name of associate/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2014	2013
		%	%
Unique Development Pte. Ltd. Singapore [4] [5]	Development of real estate	**14**	19
Unique Realty Pte. Ltd. Singapore [4] [5]	Development of real estate	**14**	19
Residenza Pte. Ltd. Singapore [4] [5]	Development of real estate	**23**	30
Development 26 Pte. Ltd. Singapore [4] [5]	Development of real estate	**32**	43
Unique Capital Pte. Ltd. Singapore [1] [5]	Development of real estate	**14**	19
Chewathai Limited Thailand [2] [5]	Development of real estate	**35**	47
Global Environmental Technology Co., Ltd. Thailand [2]	Wastewater treatment	**49**	49
CMC Communications Sdn Bhd Malaysia [3]	Telecommunications engineering	**50**	50

(1) Audited by Deloitte & Touche LLP, Singapore for equity accounting purposes for Group consolidation.

(2) Audited by another firm of auditors, Ernst & Young Office Limited, Thailand for equity accounting purposes for Group consolidation.

(3) Audited by another firm of auditors, Ernst & Young, Malaysia for equity accounting purposes for Group consolidation.

(4) Audited by another firm of auditors, Ernst & Young LLP, Singapore for equity accounting purposes for Group consolidation.

(5) Held by a subsidiary, TEE Land Limited (Note 17).

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.

16 INVESTMENT IN ASSOCIATES (cont'd)

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

	Group	
	2014	2013
	$'000	$'000
Total assets	**619,442**	530,948
Total liabilities	**(547,498)**	(486,247)
Net assets	**71,944**	44,701
Group's share of associates' net assets	**22,301**	16,084
Revenue	**256,842**	95,848
Profit for the financial year	**29,005**	9,390
Group's share of associates' profit for the financial year	**8,323**	2,194

The Group has not recognised its share of losses amounting to $138,000 (2013: $367,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $138,000 (2013: $367,000).

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	**100,187**	103,259
Deemed cost of investment	**2,069**	3,087
Impairment loss	**(1,511)**	(1,511)
Net	**100,745**	104,835

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.

On June 6, 2013, the offering of 115,000,000 new TEE Land Limited shares ("TEE Land Shares") in the capital of TEE Land Limited pursuant to the Initial Public Offering ("IPO") was completed and the new TEE Land Shares were listed on the Singapore Exchange Securities Trading Limited. With the completion of the IPO, gross proceeds of $62,100,000 were raised and the Company retained a shareholding interest of approximately 70.69% (2013: 95.18%).

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17 INVESTMENT IN SUBSIDIARIES (cont'd)

In connection with the IPO, the Company has lent 15,000,000 TEE Land Shares to SAC Capital Private Limited ("SAC Capital"), for the purpose of covering over-allotments in connection with the Invitation. Such TEE Land Shares had been entirely returned by SAC Capital to the Company in June 2013.

Details of the Company's significant subsidiaries at May 31, 2014 are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2014	2013
		%	%
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 Resources Pte Ltd Singapore (1)	Investment holding	**100**	100
TEE Land Limited Singapore (1)	Development of real estate and investment holding	**70.69**	95.18
Interlift Sales Pte Ltd Singapore (2)	Manufacturing of material handling equipment and systems	**55**	55
PBT Engineering Sdn Bhd Brunei (3)	Provision of mechanical and electrical engineering as well as in building and construction	**100**	100
TEE M&E Engineering Sdn. Bhd. Malaysia (4)	Provision of mechanical and electrical engineering services	**100**	100

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by another firm of auditors, Wu Chiaw Ching & Company. On July 10, 2014, the Company has entered into a sales and purchase agreement with third parties to divest its interest in its subsidiary, Interlift and the divestment is expected to be completed within 12 months (Note 15).

(3) Audited by overseas practices of Deloitte Touche Tohmatsu Limited for Group consolidation purposes.

(4) Audited by another firm of auditors, S Y Kwong, Foong & Co., 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.

18 INTANGIBLE ASSETS

	Group
	$'000
Cost:	
At May 31, 2013	4,342
Reclassified as held for sale (Note 15)	(4,342)
At May 31, 2014	-
Accumulated amortisation:	
At May 31, 2013	271
Amortisation	543
Reclassified as held for sale (Note 15)	(814)
At May 31, 2014	-
Carrying amount:	
At May 31, 2013	4,071
At May 31, 2014	-

Intangible assets comprise of customer relationships and distributorships with finite useful lives of 7 years, over which the assets are amortised.

The amortisation expense has been included in the line item "other operating expenses" in the statement of profit or loss and other comprehensive income.

19 CLUB MEMBERSHIP

	Group and Company	
	2014	2013
	$'000	$'000
Club membership, at cost	**73**	73
Impairment loss	**(27)**	(23)
Net	**46**	50

Management had performed an impairment review on the club membership based on its estimated fair value less cost to sell and this led to impairment loss of $4,000 (2013: a reversal of impairment loss of $1,000) recognised during the financial year.

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MAY 31, 2014

20 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Property under construction at cost	Leasehold improvements	Computers	Renovation	Motor vehicles	Machinery and tools	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Cost:									
At June 1, 2012	39	-	211	716	395	2,365	643	315	4,684
Foreign currency exchange adjustment	-	-	8	1	2	14	26	2	53
Additions	-	-	-	112	173	1,781	802	79	2,947
Acquired on acquisition of a subsidiary	-	-	-	67	-	412	231	99	809
Write-offs/Disposals	-	-	-	(3)	-	(423)	(1)	(6)	(433)
At May 31, 2013	39	-	219	893	570	4,149	1,701	489	8,060
Foreign currency exchange adjustment	(3)	-	(18)	(1)	(3)	(35)	(37)	(7)	(104)
Additions	-	10,315	65	219	8	276	119	257	11,259
Write-offs/Disposals	-	-	-	(182)	-	(172)	-	(26)	(380)
Reclassified as held for sale (Note 15)	-	-	(62)	(82)	-	(582)	(430)	(101)	(1,257)
At May 31, 2014	36	10,315	204	847	575	3,636	1,353	612	17,578
Accumulated depreciation:									
At June 1, 2012	-	-	211	537	226	1,155	292	198	2,619
Foreign currency exchange adjustment	-	-	8	-	1	5	26	2	42
Depreciation	-	-	-	142	74	1,467	702	57	2,442
Write-offs/Disposals	-	-	-	(3)	-	(282)	(1)	(5)	(291)
At May 31, 2013	-	-	219	676	301	2,345	1,019	252	4,812
Foreign currency exchange adjustment	-	-	(19)	(1)	(3)	(16)	(35)	(4)	(78)
Depreciation	-	-	5	138	217	607	234	84	1,285
Write-offs/Disposals	-	-	-	(182)	-	(128)	-	(25)	(335)
Reclassified as held for sale (Note 15)	-	-	(5)	(28)	(9)	70	(70)	(14)	(56)
At May 31, 2014	-	-	200	603	506	2,878	1,148	293	5,628
Carrying amount:									
At May 31, 2014	36	10,315	4	244	69	758	205	319	11,950
At May 31, 2013	39	-	-	217	269	1,804	682	237	3,248

20 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amount of the Group's motor vehicles includes an amount of $302,000 (2013: $312,000) which are held under finance leases (Note 27).

The Group's property under construction of $9,200,000 is pledged to bank to secure banking facilities granted to the Group (Note 29).

Finance costs capitalised as cost of property under construction during the financial year amounted to $114,000 (2013: $NIL) at interest rate ranging from 1.92% to 1.95% (2013: NIL%) per annum.

	Computers	Renovation	Office equipment	Total
	$'000	$'000	$'000	$'000
Company				
Cost:				
Addition and as at May 31, 2013	6	6	5	17
Additions	31	1	1	33
At May 31, 2014	37	7	6	50
Accumulated depreciation:				
Depreciation and as at May 31, 2013	1	-	-	1
Depreciation	9	1	1	11
At May 31, 2014	10	1	1	12
Carrying amount:				
At May 31, 2014	27	6	5	38
At May 31, 2013	5	6	5	16

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21 INVESTMENT PROPERTIES

	Group 2014	Group 2013	Company 2014	Company 2013
	$'000	**$'000**	**$'000**	**$'000**
At fair value:				
At beginning of the year	**21,500**	21,500	**21,500**	21,500
Change in fair value included in profit or loss (Note 36)	**2,705**	-	**1,500**	-
Addition	**8,915**	-	**-**	-
At end of the year	**33,120**	21,500	**23,000**	21,500

As at May 31, 2014, the Group's and Company's investment properties are stated at estimated fair value based on valuation carried out by independent professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuations were performed in accordance with International Valuation Standards.

The investment properties were pledged to a bank to secure long-term bank loans granted to the Group (Note 29).

The property rental income from the Group's and Company's investment properties, which are leased out under operating leases, amounted to $3,031,000 (2013: $2,057,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $624,000 (2013: $183,000).

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, 2014, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

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, 2014 are as follows:

Name of property	Description	Tenure	Group effective equity Interest	Carrying Amount 2014 $'000	Carrying Amount 2013 $'000	Valuation methodology	Significant unobservable inputs (Level 3)	Range
33 Changi North Crescent, Singapore	4-storey purpose-built factory building with ancillary offices	30 years from 2006	100%	**23,000**	21,500	Direct comparison method for land and building	Price per square meter of strata floor area [1]	$1,900 - $3,200
19 Main South Road, Upper Riccarton Christchurch, New Zealand	94 cabins for providing rental accommodation	Freehold	53%	**10,120**	-	Investment method	Occupancy turnover [1] Operating income [1] Net operating income margin [1] Capitalisation rate [2]	100% $33,000/week 50%-61% 11%-12%

(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.

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, 2012	367	55	422
(Charge) Credit to profit or loss for the year (Note 40)	(324)	345	21
At May 31, 2013	43	400	443
Charge to profit or loss for the year (Note 40)	(27)	(303)	(330)
At May 31, 2014	16	97	113

Deferred tax liabilities

	Recognition of profits from properties under development	Investment properties	Accelerated tax depreciation	Total
	$'000	$'000	$'000	$'000
Group				
At June 1, 2012	-	386	-	386
Charge (Credit) to profit or loss for the year (Note 40)	244	(386)	54	(88)
Arising from acquisition of a subsidiary (Note 47)	-	-	76	76
At May 31, 2013	244	-	130	374
Charge to profit or loss for the year (Note 40)	799	-	5	804
Reclassified as held for sale (Note 15)	-	-	(94)	(94)
At May 31, 2014	1,043	-	41	1,084

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22 DEFERRED TAX (cont'd)

	Investment property
	$'000
Company	
At June 1, 2012	386
Credit to profit or loss for the year	(386)
At May 31, 2013 and 2014	-

23 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Secured				
- Bank loans	**23,035**	8,888	**4,500**	-
- Bills payable	**8,044**	7,965	**-**	-
- Bank overdrafts	**-**	283	**-**	-
	31,079	17,136	**4,500**	-
Unsecured				
- Bank loans	**16,995**	29,886	**5,000**	11,600
- Bills payable	**7,470**	18,527	**-**	-
- Bank overdrafts	**4,174**	4,535	**-**	-
Total	**59,718**	70,084	**9,500**	11,600

23 BANK LOANS AND OVERDRAFTS (cont'd)

The following outstanding balances are secured with the following:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Secured with:				
Development properties	**6,000**	3,000	**-**	-
Investment property	**5,858**	-	**-**	-
Shares of a subsidiary	**4,500**	-	**4,500**	-
Trade receivables	**11,056**	12,203	**-**	-
Pledge over fixed deposit	**3,665**	-	**-**	-
Joint and several directors' guarantee and/or pledge over fixed deposit	**-**	1,933	**-**	-
Total	**31,079**	17,136	**4,500**	-

The average effective interest rate on the outstanding balances ranges from 2.05% to 6.25% (2013: 1.5% to 6.25%).

As at May 31, 2014, the Group and Company had breached a bank covenant of interest cover ratio. Please refer to Note 4 for further details.

24 TRADE PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries (Note 17)	**-**	-	**-**	5,438
Contract trade payables	**38,282**	48,022	**46**	63
Retention payables	**8,919**	8,328	**-**	-
Total	**47,201**	56,350	**46**	5,501

The average credit period granted by suppliers ranged from 30 to 90 days (2013: 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, 2014

25 OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries (Note 17)	**-**	-	**52,035**	82,173
Related parties (Note 5)	**2,321**	32	**-**	-
Associates (Note 5 and 16)	**2,536**	5,442	**-**	-
Accrued expenses	**3,111**	2,553	**680**	622
Accrued interest expense	**832**	252	**113**	14
Rental and security deposits	**669**	592	**-**	-
Joint developer	**10,078**	8,500	**-**	-
Contingent consideration (Note 47)	**1,122**	1,122	**1,122**	1,122
Advances received from customers	**1,343**	691	**-**	-
Other payables	**601**	3,803	**57**	132
	22,613	22,987	**54,007**	84,063
Less: Amounts payable within 12 months (shown under current liabilities)	**(22,600)**	(22,969)	**(54,007)**	(84,063)
Amounts payable after 12 months	**13**	18	**-**	-

The amounts due to subsidiaries and associates are unsecured, interest-free and repayable on demand.

Included in the amount due to joint developer ("JD") is an agreed amount payable to the JD of $7,250,000 (2013: $7,250,000) as the Group recognises the enhanced value that the JD brings to the joint development and of the JD's effort in facilitating the joint development. The amount due to the JD is unsecured, interest-free and expected to be repayable within the next twelve months. The remaining amount of $2,828,000 (2013: $1,250,000) is unsecured, interest-free and repayable on demand.

Included in the amount due to related parties are amounts of $883,000 (2013: $NIL) and $1,414,000 (2013: NIL) payable to minority shareholders of Teematic Private Limited and Klang City Development Pte. Ltd. The balances are unsecured, interest-free and repayable on demand. The remaining amount of $24,000 (2013: $32,000) is unsecured, interest-free and repayable on demand.

26 PROVISION FOR MAINTENANCE COSTS

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of the year	**265**	2,340
Acquisition of a subsidiary (Note 47)	**-**	12
Charge (Credit) to profit or loss for the year	**331**	(575)
Utilised	**(418)**	(1,512)
Reclassified as held for sale (Note 15)	**(4)**	-
At end of the year	**174**	265

26 PROVISION FOR MAINTENANCE COSTS (cont'd)

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 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Amounts payable under finance leases:				
Within one year	**98**	252	**77**	210
In the second to fifth years inclusive	**342**	788	**304**	713
After five years	**43**	32	**41**	32
	483	1,072	**422**	955
Less: Future finance charges	**(61)**	(117)	**-**	-
Present value of lease obligations	**422**	955	**422**	955
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(77)**	(210)
Amounts due for settlement after 12 months			**345**	745

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 6 years (2013: 6 years). For the year ended May 31, 2014, the average effective borrowing rate was 5.31% (2013: 5.53%) 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).

28 LONG-TERM LOAN

The unsecured long-term loan is repayable to a joint developer, to be repaid upon settlement of final account which is after twelve months from the end of the reporting period. No interest is charged on the outstanding balance.

The fair value of the Group's long-term loan approximates its carrying amount.

29 LONG-TERM BANK LOANS

	Group 2014	Group 2013	Company 2014	Company 2013
	$'000	$'000	$'000	$'000
Bank loans	**151,869**	94,491	**32,505**	8,558
Less: Current portion due within 12 months	**(25,346)**	(13,655)	**(17,411)**	(1,300)
Long term loan portion reclassified as current due to breach of bank covenant (see Note 4)	**(13,373)**	-	**-**	-
Amounts due for settlement after 12 months	**113,150**	80,836	**15,094**	7,258
Secured	**135,165**	92,972	**15,800**	8,558
Unsecured	**16,704**	1,519	**16,705**	-
Total	**151,869**	94,491	**32,505**	8,558

The following outstanding balances are secured with the following:

	Group 2014	Group 2013	Company 2014	Company 2013
	$'000	$'000	$'000	$'000
Secured with:				
Development properties	**112,005**	82,830	**-**	-
Investment property	**15,000**	8,558	**15,000**	8,558
Property under construction	**7,360**	-	**-**	-
Joint and several directors' guarantee and/or pledge over fixed deposit	**800**	1,584	**800**	-
Total	**135,165**	92,972	**15,800**	8,558

The Group and Company have twelve (2013: fourteen) and four (2013: one) principal bank loans respectively.

The Group's loans of $921,000 was raised for working capital requirements. The loans were reclassified as held for sale and has been presented separately in the statement of financial position (Note 15).

The Group's and Company's long-term bank loans bear interest at rates ranging from 1.94% to 7.35% (2013: 1.40% to 7.35%) per annum. The directors estimate the fair value of the Group's and Company's long-term bank loans to approximate the carrying amount.

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") 25,500,000 (equivalent to $9,953,000) granted to TEE Resources Sdn Bhd by Malaysia Building Society Berhad.

29 LONG-TERM BANK LOANS (cont'd)

Management is of the opinion that the execution of the deed by the Group is in the commercial interests and for the benefit of the Group.

30 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantee liabilities	**2,784**	3,024	**3,161**	4,748
Less: Amounts shown under current liabilities	**(734)**	(933)	**(1,025)**	(1,463)
Amounts shown under non-current liabilities	**2,050**	2,091	**2,136**	3,285

Financial guarantee liabilities pertain to the effects of fair value of corporate guarantee on initial recognition provided by the Group and Company on behalf of associates and subsidiaries to obtain banking facilities, less amortisation.

31 LONG-TERM DEPOSIT

Long-term deposit is for the lease of premises located at 33 Changi North Crescent, Singapore (Note 21). Duration of tenancy is 10 years from 2007.

32 SHARE CAPITAL

	Group and Company			
	2014	**2013**	**2014**	**2013**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up:				
At beginning of the year	**466,228,410**	372,288,998	**47,978**	32,104
Issue of shares under Scrip Dividend Scheme	**26,797,311**	-	**8,173**	-
Issue of shares arising from exercise of warrants	**-**	93,939,412	**-**	15,874
At end of the year	**493,025,721**	466,228,410	**56,151**	47,978

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

32 SHARE CAPITAL (cont'd)

During the year, the Company allotted and issued 26,797,311 ordinary shares at an issue price of 30.5 cents per share to eligible shareholders who have validly elected to participate in the TEE International Scrip Dividend Scheme in respect of the first and final ordinary dividend of 2.5 cents per share for the financial year ended May 31, 2013.

As at May 31, 2013, the Company issued 93,939,412 new ordinary shares upon the exercise of warrants with an exercise price of 16 cents per ordinary share. The rights to exercise the 82,518 outstanding warrants expired on February 28, 2013.

33 CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

34 CAPITAL RESERVE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of the year	**(46)**	845	**-**	845
Exercise of warrants	**-**	(845)	**-**	(845)
Expenses incurred on issue of bonus warrant	**(40)**	-	**(40)**	-
Dilution gain on a subsidiary pursuant to its IPO	**21,170**	-	**-**	-
Acquisition of non-controlling interest in a subsidiary	**-**	(6)	**-**	-
Capital contribution from non-controlling interests	**-**	(40)	**-**	-
At end of the year	**21,084**	(46)	**(40)**	-

35 REVENUE

	Group	
	2014	**2013**
	$'000	**$'000**
Revenue from construction contracts	**143,652**	174,533
Dividend income	**-**	16
Sale of goods	**9,619**	6,248
Sale of development properties – percentage of completion	**39,206**	29,546
Rental income	**5,124**	3,989
Consultancy and service income	**5,222**	2,209
Total	**202,823**	216,541

36 OTHER OPERATING INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income arising from:		
Fixed deposits	**59**	24
Associates (Notes 5 and 16)	**2,350**	2,024
Change in fair value of investment properties (Note 21)	**2,705**	-
Foreign currency exchange adjustment gain	**567**	358
Gain on disposal of property, plant and equipment	**7**	108
Change in fair value of interest rate swap contract	**-**	179
Change in fair value of other investments	**-**	75
Gain on disposal of other investments	**11**	47
Amortisation of financial guarantee liabilities	**1,035**	885
Management fees income	**114**	39
Write back of impairment loss in value of club membership (Note 19)	**-**	1
Amortisation of fair value adjustment arising from acquisition of a subsidiary	**-**	26
Government grant	**265**	-
Others	**513**	279
Total	**7,626**	4,045

37 RETIREMENT BENEFIT OBLIGATIONS

The employees of TEE International Limited and its subsidiaries are 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.

The total expense recognised in profit or loss of $1,101,000 (2013: $954,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at May 31, 2014, contributions of $94,000 (2013: $80,000) due in respect of current financial year had not been paid over to the plans.

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38 OTHER OPERATING EXPENSES

	Group	
	2014	**2013**
	$'000	**$'000**
Foreign currency exchange adjustment loss	**1,565**	127
IPO expenses incurred by a subsidiary	**436**	1,349
Amortisation of intangible assets	**543**	271
Loss on liquidation of a subsidiary	**-**	98
Acquisition of a subsidiary	**-**	46
Property, plant and equipment written off	**3**	-
Impairment loss on value of club membership (Note 19)	**4**	-
Allowance for diminution in value on development property (Note 14)	**733**	-
Change in fair value of other investments	**16**	-
Total	**3,300**	1,891

39 FINANCE COSTS

	Group	
	2014	**2013**
	$'000	**$'000**
Interest on bank loans and overdrafts	**5,592**	4,329
Interest on obligations under finance leases	**37**	50
Total borrowing costs	**5,629**	4,379
Less: Amounts included in the cost of qualifying assets (Notes 14 and 20)	**(2,308)**	(2,057)
Net	**3,321**	2,322

40 INCOME TAX EXPENSE

	Group 2014	Group 2013
	$'000	**$'000**
Current:		
- On the profit for the year	**654**	2,761
- Adjustment in respect of prior years	**(61)**	60
- Withholding tax expense	**238**	-
Deferred (Note 22):		
- Adjustment in respect of prior years	**55**	(386)
- Charge for the year	**1,079**	277
	1,965	2,712

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable (loss) profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting (loss) profit as follows:

	Group 2014	Group 2013
	$'000	**$'000**
(Loss) Profit before tax	**(8,725)**	15,907
Less: Share of results of associates (Note 16)	**(8,323)**	(2,194)
	(17,048)	13,713
Tax at the domestic income tax rate of 17% (2013: 17%)	**(2,898)**	2,331
Tax effect of income that are not taxable in determining taxable profit	**504**	313
Deferred tax benefits not recognised	**4,461**	543
Deferred tax benefits previously not recognised now utilised	**-**	(146)
Withholding tax expense	**238**	-
(Over) Under provision of income tax in prior years	**(61)**	60
Under (Over) provision of deferred tax in prior years	**55**	(386)
Effect of different tax rates of overseas operations	**(89)**	174
Exempt income and tax rebate	**(273)**	(239)
Others	**28**	62
	1,965	2,712

40 INCOME TAX EXPENSE (cont'd)

Deferred tax assets have not been recognised as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Tax losses		
Amount at beginning of year	**4,880**	3,503
Adjustment in respect of prior years	**(10)**	(675)
Tax losses for the year	**26,241**	2,908
Utilised during the year	**-**	(856)
Amount at end of year	**31,111**	4,880
Other temporary differences		
Amount at beginning of year	**6**	-
Adjustment in respect of prior years	**57**	(279)
Amount during the year	-	285
Amount at end of year	**63**	6
Total	**31,174**	4,886
Deferred tax assets at 17% (2013: 17%) not taken up in the financial statements	**5,300**	831

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and temporary differences available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

41 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging:

	Group	
	2014	**2013**
	$'000	**$'000**
Directors' remuneration:		
Directors of the Company	**4,164**	2,171
Directors of the subsidiaries	**2,162**	891
Employee benefits expense (including directors' remuneration)	**23,770**	20,745
Costs of defined contribution plans included in employee benefits expense	**1,101**	954
Audit fees:		
Auditors of the Company		
- current year	**396**	560
- adjustment in respect of prior year	**(90)**	61
Other auditors		
- current year	**151**	82
- adjustment in respect of prior year	**8**	-
Non-audit fees:		
Auditors of the Company		
- current year	**64**	49
- adjustment in respect of prior year	**4**	-
Other auditors		
- current year	**8**	5
Fees paid to the auditors of the Company as reporting accountants for the subsidiary's initial public offering	**-**	350
Cost of inventories recognised as expense	**39,496**	46,200

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

42 DIVIDENDS

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Tax-exempt one-tier first and final dividend paid in respect of previous year		
Cash	**3,482**	7,467
Share	**8,173**	-
Tax-exempt one-tier interim dividend paid in respect of current year		
Cash	**2,219**	3,031
Total	**13,874**	10,498

Subsequent to May 31, 2014, the directors of the Company recommended that a final tax exempt dividend of $0.005 per ordinary share totalling $2,465,000 be paid for the financial year ended May 31, 2014 on the ordinary shares of the Company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events after the Reporting Period*.

43 (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per ordinary share is based on Group loss attributable to owners of the Company of $13,579,000 (2013: profit of $13,203,000) divided by the weighted average number of ordinary shares of 481,860,175 (2013: 421,151,365) in issue during the year.

Fully diluted (loss) earnings per ordinary share is calculated based on 481,860,175 (2013: 421,151,365) ordinary shares.

	Group			
	2014		**2013**	
	Basic	**Diluted**	**Basic**	**Diluted**
	$'000	**$'000**	**$'000**	**$'000**
(Loss) Profit attributable to owners of the Company	**(13,579)**	(13,579)	**13,203**	13,203
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**481,860,175**	481,860,175	**421,151,365**	421,151,365
(Loss) Earnings per share (cents)	**(2.82)**	(2.82)	**3.13**	3.13

44 CONTINGENT LIABILITIES

As at May 31, 2014, the Company has undertaken to provide financial support of $30,582,000 (2013: $12,966,000) to some of its subsidiaries.

45 OPERATING LEASE ARRANGEMENTS

The Group as a lessee

	Group	
	2014	**2013**
	$'000	**$'000**
Minimum lease payments under operating leases recognised as expense in the year	**2,255**	2,467

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Within one year	**1,649**	2,655
In the second to fifth year inclusive	**2,066**	544
Total	**3,715**	3,199

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 during the year was $3,031,000 (2013: $2,057,000).

At the end of the reporting period, the Group and Company have contracted with tenants for the following future minimum lease payments:

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Within one year	**1,933**	1,933
In the second to fifth year inclusive	**4,511**	6,444
Total	**6,444**	8,377

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

46 SEGMENT INFORMATION

For management purposes, the Group is organised into three major operating divisions – Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

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 developing properties and managing facilities, workers' dormitory and property rental services. Infrastructure business offers infrastructure solutions in the areas of water and energy related projects. This include 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 operating receivables, construction work-in-progress in excess of progress billings, inventories, development properties, completed property held for sale, assets classified as held for sale, 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 operating payables, progress billings in excess of construction work-in-progress, provision for maintenance costs, long-term loan, long-term deposit, financial guarantee liabilities and liabilities directly associated with asset classified as held for sale.

Inter-segment transfers: Segment revenue and expenses include transfers between operating segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation.

Investment in associates: Income from associates and loans to associates are not allocated as they are analysed independently from the three major operating segments when making strategic decisions, and correspondingly these investments in associates are included as unallocated assets of the Group.

NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

46 SEGMENT INFORMATION (cont'd)

	Engineering		Real Estate		Infrastructure		Elimination		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue										
External sales	**159,800**	184,378	**40,301**	29,676	**2,722**	2,487	**-**	-	**202,823**	216,541
Inter-segment sales	**69,186**	84,336	**-**	-	**1,319**	-	**(70,505)**	(84,336)	**-**	-
Total revenue	**228,986**	268,714	**40,301**	29,676	**4,041**	2,487	**(70,505)**	(84,336)	**202,823**	216,541
Segment results										
Segment results	**(18,389)**	15,483	**4,530**	647	**132**	(95)	**-**	-	**(13,727)**	16,035
Finance costs									**(3,321)**	(2,322)
Share of results of associates									**8,323**	2,194
(Loss) Profit before tax									**(8,725)**	15,907
Income tax expense									**(1,965)**	(2,712)
(Loss) Profit for the year									**(10,690)**	13,195
Segment assets	**99,126**	117,580	**217,427**	135,309	**2,158**	773	-	-	**318,711**	253,662
Unallocated corporate assets									**122,899**	110,108
Consolidated total assets									**441,610**	363,770
Segment liabilities	**53,458**	66,024	**28,908**	22,100	**2,697**	5,677	-	-	**85,063**	93,801
Unallocated corporate liabilities									**216,566**	169,645
Consolidated total liabilities									**301,629**	263,446
Other information										
Depreciation	**1,054**	2,382	**191**	22	**40**	38	**-**	-	**1,285**	2,442
Amortisation of intangible assets	**543**	271	**-**	-	**-**	-	**-**	-	**543**	271

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

46 SEGMENT INFORMATION (cont'd)

b) Geographical Information

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment non-current assets: Segment non-current assets (excluding deferred tax assets) are analysed based on the location of those assets.

	Revenue		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore	**150,145**	117,283	**101,489**	81,701
Malaysia	**22,328**	16,999	**163**	184
Thailand	**2,722**	2,487	**619**	237
Brunei	**26,533**	79,772	**658**	1,233
Vietnam	**-**	-	**6**	6
Hong Kong	**-**	-	**30**	31
Philippines	**-**	-	**2**	-
New Zealand	**1,095**	-	**10,268**	1
Total	**202,823**	216,541	**113,235**	83,393

c) Other information

The Group has three major customers (2013: two) from the engineering segment that contribute greater than 10% of the Group's total revenue.

	2014	2013
	$'000	$'000
Customer A	**26,533**	79,772
Customer B	**22,312**	-
Customer C	**24,435**	34,007

47 ACQUISITION OF SUBSIDIARY

On May 3, 2013, the Group entered into a sales and purchase agreement with a third party to acquire 55% of the issued share capital of Interlift with effect from December 1, 2012. The principal activity of Interlift is that of manufacturing of material handling equipment and systems.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interests recognised and the effects on the cash flows of the Group, at the acquisition date, were as follows:

a) Purchase consideration

	2013
	$'000
Cash paid	2,000
Contingent consideration (Note 25)	1,122
Total	3,122

In the event Interlift's profit after tax for the year ended March 2013 was less than the profit after tax for the year ended March 2012 by more than ten percent (10%), the actual shortfall shall be computed and the total consideration shall be adjusted by deducting the shortfall from the contingent consideration payable to the vendors.

In 2013, acquisition-related costs amounting to $46,000 had been excluded from the consideration transferred and have been recognised as an expense, within the "other operating expenses" line item in the statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

47 ACQUISITION OF SUBSIDIARY (cont'd)

b) Assets acquired and liabilities assumed at the date of acquisition:

Interlift Sales Pte Ltd

	Acquiree's carrying amount before combination	Fair value adjustment	Fair Value
	$'000	$'000	$'000
Cash and bank balances	389	-	389
Pledged fixed deposits	2,594	-	2,594
Trade receivables	5,943	(104)	5,839
Other receivables	585	-	585
Inventories	2,072	-	2,072
Property, plant and equipment	809	-	809
Bank loans and overdrafts	(1,811)	-	(1,811)
Trade payables	(3,173)	-	(3,173)
Other payables	(3,536)	(27)	(3,563)
Provision for maintenance costs	(12)	-	(12)
Finance leases	(214)	(14)	(228)
Income tax payable	(132)	-	(132)
Deferred tax liabilities	(76)	-	(76)
Long-term bank loans	(1,825)	(133)	(1,958)
Intangible assets	-	4,342	4,342
Non-controlling interests			(2,555)
Net assets acquired representing total purchase consideration			3,122
Contingent consideration			(1,122)
Cash outflow on acquisition			2,000
Cash and cash equivalents acquired			(321)
Net cash outflow on acquisition			1,679

c) On July 10, 2014, the Company has entered into a sales and purchase agreement with third parties to divest its interest in its subsidiary, Interlift and the divestment is expected to be completed in 12 months (Note 15).

48 EVENTS AFTER THE REPORTING PERIOD

(a) On June 2, 2014, there were bonus warrants issued on the basis of 2 warrants for every 5 existing ordinary shares in the capital of the Company held by the shareholders of the Company. The number of bonus warrants issued was 196,582,596 and the exercise price is at $0.25 per warrant. The warrants can be exercised within the period from June 3, 2014 to May 27, 2017.

(b) On July 1, 2014, a subsidiary, TEE Hong Kong Limited has entered into a 55:45 joint venture agreement with Hou Chun Construction and Engineering Company Limited to form TEE-HC Engineering Company Limited to undertake mechanical and electrical works in Macau. The Group is currently estimating the effects of FRS 111 and FRS 28 (Revised) on this investment in its period of initial adoption.

(c) On July 30, 2014, one of the associates has appointed RHB OSK Securities (Thailand) PCL as its financial adviser in connection with its proposed listing on the Stock Exchange of Thailand.

(d) On August 11, 2014, a subsidiary, TEE Hospitality Pte Ltd brought in a strategic investor and reduced its shareholding in JPJ Properties Pty Ltd from 90% to 55%. JPJ is a company incorporated in Australia with a paid up capital of AUD100, made up of 100 ordinary shares. The 35% shareholding in JPJ was disposed to the strategic investor at the par value of AUD35 (equivalent to $41) payable in cash.

(e) On August 14, 2014, the Group has completed its acquisition of a 3-star hotel in Sydney, Australia for a purchase consideration of AUD23,880,000 (equivalent to $27,974,000). The Group will finance its share of the cost of the acquisition by internal funds and bank borrowings. The Group is currently estimating the financial impact arising from the acquisition.

(f) On August 28, 2014, one of the associates has entered into a sale and purchase agreement with an independent third party to acquire freehold interest in a condominium project ("Project") located in Ngam Wongwan District in Nonthaburi Province, Greater Bangkok, Thailand for a purchase consideration not exceeding THB780,000,000 (equivalent to $30,420,000). The Group will finance the acquisition of the Project by internal funds and bank borrowings. The Group is currently estimating the financial impact arising from the acquisition.

49 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 provisions 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.

The Board of Directors of the Company are of the opinion that given the Group and the Company are run by a team of capable senior and middle managers, many of whom have spent more than a decade building up the Group and the Company, the CAD investigation has not had any impact on the Group and the Company.

SHAREHOLDERS' INFORMATION

AS AT 22 AUGUST 2014

ISSUED AND FULLY PAID-UP CAPITAL	:	S$56,183,962.05
NO. OF SHARES ISSUED	:	493,155,374
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE

THERE WERE NO TREASURY SHARES.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	284	14.56	46,934	0.01
1,000 - 10,000	644	33.03	4,025,973	0.82
10,001 - 1,000,000	989	50.72	74,367,337	15.08
1,000,001 & ABOVE	33	1.69	414,715,130	84.09
TOTAL	1,950	100.00	493,155,374	100.00

TOP TWENTY LARGEST SHAREHOLDERS

S/NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	HONG LEONG FINANCE NOMINEES PTE LTD	87,701,145	17.78
2	PHUA CHIAN KIN	67,888,918	13.77
3	MAYBANK NOMINEES (S) PTE LTD	41,000,000	8.31
4	LINCOLN CAPITAL PTE. LTD.	25,967,321	5.27
5	SBS NOMINEES PTE LTD	23,837,901	4.83
6	DMG & PARTNERS SECURITIES PTE LTD	21,966,622	4.45
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	15,178,824	3.08
8	CIMB SECURITIES (SINGAPORE) PTE LTD	15,113,159	3.06
9	HSBC (SINGAPORE) NOMINEES PTE LTD	12,490,966	2.53
10	DBS NOMINEES PTE LTD	11,380,900	2.31
11	PHILLIP SECURITIES PTE LTD	11,156,386	2.26
12	TAN SU LAN @ TAN SOO LUNG	10,000,213	2.03
13	TAY KUEK LEE	9,695,340	1.97
14	UOB KAY HIAN PTE LTD	8,008,582	1.62
15	CHENG SHAO SHIONG @BERTIE CHENG	7,300,000	1.48
16	4 P INVESTMENTS PTE LTD	6,680,924	1.35
17	MAYBANK KIM ENG SECURITIES PTE LTD	6,193,089	1.26
18	OCBC SECURITIES PRIVATE LTD	5,570,318	1.13
19	OCBC NOMINEES SINGAPORE PTE LTD	3,426,691	0.70
20	ONG BOON CHUAN	2,795,100	0.57
TOTAL		393,352,399	79.76

SHAREHOLDERS' INFORMATION
AS AT 22 AUGUST 2014

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	DIRECT INTEREST	%	DEEMED INTEREST	%
Phua Chian Kin[1]	257,053,156	52.12	16,376,264	3.32
Lincoln Capital Pte. Ltd.[2]	25,967,321	5.27	Nil	Nil

Notes:

1. Mr. Phua Chian Kin is deemed to have an interest in the 16,376,264 ordinary shares held by his spouse, Mdm. Tay Kuek Lee and 4 P Investments Pte. Ltd. where he is a shareholder. A total of 189,164,238 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, Maybank Nominees (S) Pte Ltd, OCBC Securities Private Limited and DMG & Partners Securities Pte Ltd.

2. Mr. Tan Soon Hoe, through his 100% shareholding 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 22 August 2014, approximately 36.13% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

WARRANTHOLDERS' INFORMATION

AS AT 22 AUGUST 2014

DISTRIBUTION OF WARRANTHOLDINGS - TEEW170526

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 999	365	21.31	69,246	0.04
1,000 - 10,000	831	48.51	3,700,508	1.88
10,001 - 1,000,000	497	29.01	31,771,011	16.17
1,000,001 & ABOVE	20	1.17	160,912,178	81.91
GRAND TOTAL	1,713	100.00	196,452,943	100.00

TOP TWENTY LARGEST WARRANTHOLDERS

S/NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS HELD	%
1	PHUA CHIAN KIN	59,344,452	30.21
2	MAYBANK NOMINEES (S) PTE LTD	16,400,000	8.35
3	LINCOLN CAPITAL PTE. LTD.	10,386,928	5.29
4	PHILLIP SECURITIES PTE LTD	10,366,478	5.28
5	SBS NOMINEES PTE LTD	9,535,160	4.85
6	DMG & PARTNERS SECURITIES PTE LTD	8,786,648	4.47
7	CIMB SECURITIES (SINGAPORE) PTE LTD	6,245,675	3.18
8	DBS NOMINEES PTE LTD	5,704,758	2.90
9	HSBC (SINGAPORE) NOMINEES PTE LTD	4,996,386	2.54
10	CHENG SHAO SHIONG @BERTIE CHENG	4,520,000	2.30
11	MAYBANK KIM ENG SECURITIES PTE LTD	4,056,688	2.07
12	TAY KUEK LEE	3,878,136	1.97
13	SEAH MOON MING	3,245,965	1.65
14	4 P INVESTMENTS PTE LTD	2,672,369	1.36
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,590,481	1.32
16	OCBC SECURITIES PRIVATE LTD	2,462,125	1.25
17	UOB KAY HIAN PTE LTD	1,875,614	0.96
18	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,400,000	0.71
19	OCBC NOMINEES SINGAPORE PTE LTD	1,326,275	0.68
20	ONG BOON CHUAN	1,118,040	0.57
TOTAL		160,912,178	81.91

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of TEE International Limited ("the Company") will be held at York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 30 September 2014, Tuesday, at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 May 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.50 cents per ordinary share for the financial year ended 31 May 2014 (Year 2013: final tax exempt (one-tier) dividend of 2.50 cents per ordinary share). **(Resolution 2)**

3. To re-elect Mr. Aric Loh Siang Khee retiring pursuant to Article 88 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-elect Mdm. Saw Chin Choo retiring pursuant to Article 89 of the Articles of Association of the Company. **(Resolution 4)**

5. To re-appoint the following Directors of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company:

   Mr. Bertie Cheng Shao Shiong **(Resolution 5)**
   Mr. Tan Boen Eng **(Resolution 6)**

   [See Explanatory Note (i)]

   * *Mr. Bertie Cheng Shao Shiong will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as the Non-Executive Chairman of the Company, Chairman of the Executive Committee and a member of the Nominating Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

   * *Mr. Tan Boen Eng will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as the Chairman of the Audit Committee 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.*

6. To approve the payment of Directors' fees of S$359,400 for the financial year ending 31 May 2015 to be paid quarterly in arrears. (Year 2014: S$295,000). **(Resolution 7)**

7. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as an Ordinary Resolution, with or without any modifications:

9. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) 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) 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 Singapore Exchange Securities Trading Limited) 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) shall be based on the total number of issued shares (excluding treasury shares) 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 Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association 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 (ii)] **(Resolution 9)**

10. **Renewal of Share Buy-Back Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) 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 said Circular on "Share Purchase Mandate", 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 (iii)] **(Resolution 10)**

11. **Authority to issue shares under the TEE International Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, 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 (iv)] **(Resolution 11)**

NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATES

Notice is hereby given that the Share Transfer Books and Register of Members of TEE International Limited (the "Company") will be closed on 13 November 2014 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road Singapore 089758 up to close of business at 5.00 p.m. on 12 November 2014 will be registered to determine shareholders' entitlements to the proposed final dividend.

Subject to the aforesaid, members whose Securities Accounts maintain with The Central Depository (Pte) Limited are credited with ordinary shares at 5.00 p.m. on 12 November 2014 will be entitled to the proposed final dividend.

Payment of the final dividend will be made on 27 November 2014, if approved by the shareholders at the 14th Annual General Meeting to be held on 30 September 2014.

By Order of the Board

Ms. Yeo Ai Mei
Ms. Lai Foon Kuen
Company Secretaries

Singapore
15 September 2014

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The effect of the Ordinary Resolutions 5 and 6 proposed in item 5 above, is to re-appoint Directors of the Company who are over 70 years of age.

(ii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) 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.

(iii) The Ordinary Resolution 10, 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 repurchase 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) 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 accounts of the Group for the financial year ended 31 May 2014 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

(iv) The Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the TEE International Limited Scrip Dividend Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting 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.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Block 2024 Bukit Batok Street 23 #03-48 Singapore 659529 not less than forty-eight (48) hours before the time set for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General 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.

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TEE INTERNATIONAL LIMITED

Company Registration No. 200007107D
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. 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**.
2. 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.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____

of ____

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 30 September 2014 at 2.30 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 or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 May 2014		
2	Payment of proposed final dividend (tax-exempt one-tier)		
3	Re-election of Mr. Aric Loh Siang Khee as a Director		
4	Re-election of Mdm. Saw Chin Choo as a Director		
5	Re-appointment of Mr. Bertie Cheng Shao Shiong as a Director		
6	Re-appointment of Mr. Tan Boen Eng as a Director		
7	Approval of Directors' fees for the financial year ending 31 May 2015 to be paid quarterly in arrears		
8	Re-appointment of Messrs Deloitte & Touche LLP as Company's Auditors		
9	Authority to issue shares		
10	Renewal of Share Buy-Back Mandate		
11	Authority to issue shares under the TEE International Limited Scrip Dividend Scheme		

Dated this ______ day of ____________________ 2014

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 held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), 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. 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.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Block 2024 Bukit Batok Street 23, #03-48, Singapore 659529 not less than 48 hours before the time appointed for the Meeting.

6. 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.

7. 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 15 September 2014.

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 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

TEE International Limited
Co. Reg. No.: 200007107D

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