TEE International Limited
and its subsidiaries
Registration Number: 200007107D

Condensed Interim Financial Statements
For the Second Quarter and Half Year ended 31 March 2022

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Proposed Restructuring Exercise

With reference to the Company's various previous announcements, the Company had announced the appointment of RSM Corporate Advisory Pte. Ltd. ("RSM") as financial consultant in June 2021, to, inter alia, undertake a review of the Group's businesses and assist to formulate restructuring plans to improve the financial position and/or performance of the Group. Following the completion of RSM's review and their proposed restructuring plan to the Company, on 7 August 2021, the Company announced that it intends to propose a scheme of arrangement between the Company and its creditors. The Company has accordingly filed an application in the General Division of the High Court of the Republic of Singapore for a moratorium under Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (the "IRDA") on 6 August 2021 (the "Application"). In addition, the Company's wholly-owned subsidiaries PBT Engineering Pte Ltd ("PBT Engineering"), Trans Equatorial Engineering Pte Ltd ("Trans Equatorial"), TEE Infrastructure Private Limited ("TEE Infra") and TEE E&C (Malaysia) Sdn Bhd ("TEE E&C"), (together with the Company, PBT Engineering, Trans Equatorial and TEE Infra, the "Applicants") have also filed applications under Section 65 of the IRDA on 6 August 2021 respectively in support of the Company's proposed restructuring. The moratorium orders are being sought to preserve the assets of the Group pending the formulation of a holistic restructuring plan.

The Court has, on 31 March 2022, granted orders in terms of the Extension Applications for moratoria relief for the Company, PBT Engineering and TEE Infra up to 30 June 2022.

Creditors' Voluntary Liquidation of Trans Equatorial

On 26 November 2021, the Court has granted moratoriums for all the Applicants save for Trans Equatorial until 31 March 2022. The Court granted leave for Trans Equatorial to withdraw its application and will likely to undergo a voluntarily liquidation. The Court also ordered that RSM be appointed as Monitoring Accountants to exercise oversight over the entire restructuring process and over the utilisation of the assets and cash as well as to provide a report to the Court and the creditors every 2 months to update on the restructuring process.

On 16 December 2021, the Company has announced that it has commenced the winding-up process of Trans Equatorial by way of creditors' voluntary liquidation (the "CVL") and RSM was appointed as provisional liquidators. On 13 January 2022, the Company further announced that Trans Equatorial has been officially placed in CVL pursuant to a special resolution passed at the Extraordinary General Meeting of Trans Equatorial and confirmation by the creditors of Trans Equatorial at a creditors meeting, both held on 12 January 2022.

The Company wishes to confirm that there has been no other material development in relation to the creditors' voluntary liquidation of Trans Equatorial that may have a significant impact on the Company's financial position.

Entry into Non-binding Termsheet with Investors

On 28 January 2022, the Company announced that it has entered into a non-binding termsheet (the "Termsheet") with Chong Sin Kiong ("Mr. Chong) and Tan Keng Song ("Mr Tan" and together with Mr. Chong, the "Investors") on 27 January 2022. The Company and the Investors (the "parties") have mutually agreed that subject to the execution of the definitive agreements (and other terms and conditions set out in the Termsheet), the parties will undertake the Proposed Investor Transactions (as defined in the announcement) in connection with the Debt Restructuring Exercise.

As the proposed restructuring exercise and discussions with creditors are still in progress and the final outcome is uncertain, the actual impact, whether financial or non-financial, is not easily determinable as at the date of this announcement. The condensed interim financial statements in this announcement, explanatory notes and other information have not been audited or reviewed by the Company's auditors.

Shareholders and potential investors of the Company are accordingly advised to read this announcement in full and any other prior and further announcements made by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Note: Trans Equatorial was placed into creditors' voluntary liquidation (the "CVL"). Therefore, the Company no longer has control over Trans Equatorial and its subsidiaries (the "Trans Group"). Accordingly, consolidation of Trans Group ceased when the Company ceased to control Trans Group. Detailed information is disclosed in Note 2 and Note 21.

		Group			Group		
		Second Quarter Ended			Half Year Ended		
		31 March 2022 Unaudited	31 March 2021 Unaudited	Change	31 March 2022 Unaudited	31 March 2021 Unaudited	Change
	Note	**S$'000**	**S$'000**	**%**	**S$'000**	**S$'000**	**%**
<u>Continuing operations</u>							
Revenue	**4**	17,629	35,565	(50.4)	44,072	89,749	(50.9)
Cost of sales		(15,766)	(39,003)	(59.6)	(40,125)	(91,048)	(55.9)
Gross profit/(loss)		**1,863**	**(3,438)**	**(154.2)**	**3,947**	**(1,299)**	**(403.8)**
Other operating income		422	1,708	(75.3)	653	3,397	(80.8)
Gain on de-recognition of subsidiaries upon loss of control	**21**	71,920	-	100.0	71,920	-	100.0
Expenses							
Administrative expenses		(1,789)	(2,983)	(40.0)	(3,550)	(6,107)	(41.9)
Other operating expenses		(38,021)	(1,825)	NM	(38,532)	(2,203)	NM
Share of results of associates and joint venture		291	360	(19.1)	407	566	(28.1)
Finance costs		(332)	(277)	19.8	(963)	(975)	(1.2)
Profit/(Loss) before income tax	**6**	**34,354**	**(6,455)**	**NM**	**33,882**	**(6,621)**	**NM**
Income tax (expense)/credit	**7**	(36)	737	(104.9)	(66)	587	(111.2)
Profit/(Loss) for the period from continuing operations		**34,318**	**(5,718)**	**NM**	**33,816**	**(6,034)**	NM
Profit/(Loss) for the period from discontinued operations	**8**	**-**	**7**	**NM**	**-**	**(88)**	**NM**
Profit/(Loss) for the period		**34,318**	**(5,711)**	**NM**	**33,816**	**(6,122)**	**NM**
Profit/(Loss) for the period attributable to:							
Owners of the Company		34,299	(6,122)	NM	33,607	(6,925)	NM
Non-controlling interests		19	411	(95.3)	209	803	(73.9)
		34,318	**(5,711)**	**NM**	**33,816**	**(6,122)**	**NM**

NM: Not Meaningful

See accompanying notes to condensed interim financial statements.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group			Group		
	Second Quarter Ended			Half Year Ended		
	31 March 2022 Unaudited	31 March 2021 Unaudited	Change	31 March 2022 Unaudited	31 March 2021 Unaudited	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Profit/(Loss) for the period						
Profit/(Loss) from continuing operations, net of tax	**34,318**	**(5,718)**	**NM**	**33,816**	**(6,034)**	**NM**
Profit/(Loss) from discontinued operations, net of tax	**-**	**7**	**NM**	**-**	**(88)**	**NM**
	34,318	**(5,711)**	**NM**	**33,816**	**(6,122)**	**NM**
Other comprehensive income, net of tax						
Item that may be reclassified to profit or loss in subsequent periods:						
Currency translation differences arising from consolidation						
Profit/(Loss) from continuing operations, net of tax	18	233	(92.3)	(29)	169	(117.2)
Loss from discontinued operations, net of tax	-	(2)	NM	-	(9)	NM
	18	231	(92.2)	(29)	160	(118.1)
Total comprehensive profit/(loss) for the period	**34,336**	**(5,480)**	**NM**	**33,787**	**(5,962)**	**NM**
Profit/(Loss) attributable to:						
Profit/(Loss) from continuing operations, net of tax	34,299	(6,129)	NM	33,607	(6,837)	NM
Profit/(Loss) from discontinued operations, net of tax	-	7	NM	-	(88)	NM
Owners of the Company	34,299	(6,122)	NM	33,607	(6,925)	NM
Profit from continuing operations, net of tax	19	411	(95.4)	209	803	(74.0)
Profit from discontinued operations, net of tax	-	-	NM	-	-	NM
Non-controlling interests	19	411	(95.4)	209	803	(74.0)
	34,318	**(5,711)**	NM	**33,816**	**(6,122)**	NM
Total comprehensive profit/(loss) attributable to:						
Owners of the Company	34,311	(5,912)	NM	33,578	(6,768)	NM
Non-controlling interests	25	432	94.2	209	806	74.1
	34,336	**(5,480)**	**NM**	**33,787**	**(5,962)**	**NM**

NM: Not Meaningful

See accompanying notes to condensed interim financial statements.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group			Group		
	Second Quarter Ended			Half Year Ended		
	31 March 2022 Unaudited	31 March 2021 Unaudited	Change	31 March 2022 Unaudited	31 March 2021 Unaudited	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Profit/(Loss) per share for loss for the period attributable to the owners of the Company:						
From continuing and discontinued operations						
- Basic (SGD in cent)	5.30	(0.95)	NM	5.20	(1.07)	NM
- Diluted (SGD in cent)	5.30	(0.95)	NM	5.20	(1.07)	NM
Weighted average number of ordinary shares	646,882,476	646,882,476		646,882,476	646,882,476	
From continuing operations						
- Basic (SGD in cent)	5.30	(0.95)	NM	5.20	(1.06)	NM
- Diluted (SGD in cent)	5.30	(0.95)	NM	5.20	(1.06)	NM
Weighted average number of ordinary shares	646,882,476	646,882,476		646,882,476	646,882,476	

NM: Not Meaningful

See accompanying notes to condensed interim financial statements.

B. Condensed interim statements of financial position

Note: Trans Equatorial was placed into creditors' voluntary liquidation (the "CVL"). Therefore, the Company no longer has control over Trans Equatorial and its subsidiaries (the "Trans Group"). Accordingly, consolidation of Trans Group ceased when the Company ceased to control Trans Group. Detailed information is disclosed in Note 2 and Note 21.

		Group		Company	
		31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	Note	S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and cash equivalents		8,771	7,756	129	236
Fixed deposits		3,030	4,440	-	-
Trade receivables	**11**	8,803	15,435	165	-
Other receivables		2,807	3,365	14,834	14,340
Inventories		106	87	-	-
Contract assets	**12**	14,860	19,558	-	-
		38,377	50,641	15,128	14,576
Non-current assets held for sale	**13(i)**	20,128	20,205	20,128	20,205
Total current assets		58,505	70,846	35,256	34,781
Non-current assets					
Other receivables		213	240	-	-
Financial asset at fair value through other comprehensive income		-	400	-	-
Investment in associates		5,288	5,001	-	-
Investment in subsidiaries		-	-	11,455	11,455
Property, plant and equipment	**14**	24,784	25,728	24	26
Investment properties	**15**	-	9,396	-	-
Deferred tax assets		9	60	7	9
Total non-current assets		30,294	40,825	11,486	11,490
Total assets		88,799	111,671	46,742	46,271

See accompanying notes to condensed interim financial statements.

B. Condensed interim statements of financial position (cont'd)

		Group		Company	
		31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	Note	S$'000	S$'000	S$'000	S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	16	631	17,129	-	-
Trade payables	17	47,465	141,205	82	59
Other payables	18	49,570	26,901	61,577	63,569
Contract liabilities		2,037	1,102	-	-
Provisions	19	1,004	53,886	-	-
Current portion of lease liabilities	16	545	1,377	-	-
Current portion of long-term borrowings	16	12,803	23,452	12,137	12,797
Financial guarantee liabilities	20	105,868	-	105,868	75,868
Income tax payable		636	3,574	450	570
		220,559	268,626	180,114	152,863
Liabilities associated with non-current assets held for sale	13(ii)	2,506	2,572	2,506	2,572
Total current liabilities		223,065	271,198	182,620	155,435
Non-current liabilities					
Lease liabilities	16	2,376	10,857	-	-
Long-term borrowings	16	10,504	10,732	-	-
Other payables	18	-	41	-	-
Deferred tax liabilities		104	120	-	-
Total non-current liabilities		12,984	21,750	-	-
Capital, reserves and non-controlling interests					
Share capital	22	73,194	73,194	73,194	73,194
Treasury shares	22	(269)	(269)	(269)	(269)
Currency translation reserve		(271)	395	-	-
Capital reserve		-	-	(274)	(274)
Accumulated losses		(219,262)	(253,079)	(208,529)	(181,815)
Equity attributable to owners of the Company		(146,608)	(179,759)	(135,878)	(109,164)
Non-controlling interests		(642)	(1,518)	-	-
Net equity		(147,250)	(181,277)	(135,878)	(109,164)
Total liabilities and equity		88,799	111,671	46,742	46,271

See accompanying notes to condensed interim financial statements.

C. Condensed interim statements of changes in equity

Group	Share capital S$'000	Treasury shares S$'000	Currency translation reserve S$'000	Accumulated losses S$'000	Equity attributable to Owners of the Company S$'000	Non-controlling interests S$'000	Total S$'000
	Attributable to equity owners of the Company						
Balance at 1 October 2020	73,194	(269)	164	(51,125)	21,964	(2,641)	19,323
Total comprehensive income/(loss) for the period:							
(Loss)/profit for the period	-	-	-	(6,925)	(6,925)	803	(6,122)
Other comprehensive income for the period	-	-	157	-	157	3	160
Total comprehensive income/(loss) for the period	-	-	157	(6,925)	(6,768)	806	(5,962)
Balance at 31 March 2021	73,194	(269)	321	(58,050)	15,196	(1,835)	13,361

See accompanying notes to condensed interim financial statements.

C. Condensed interim statements of changes in equity (cont'd)

Group	Share capital	Treasury shares	Currency translation reserve	Accumulated profit/(losses)	Equity attributable to Owners of the Company	Non-controlling interests	Total
	Attributable to equity owners of the Company						
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2021	73,194	(269)	395	(253,079)	(179,759)	(1,518)	(181,277)
Total comprehensive income/(loss) for the period:							
(Loss)/profit for the period	-	-	-	33,607	33,607	209	33,816
Other comprehensive loss for the period	-	-	(29)	-	(29)	-	(29)
Total comprehensive (loss)/income for the period	-	-	(29)	33,607	33,578	209	33,787
Change in ownership interests in a subsidiary without a change in control	-	-	(6)	210	204	(204)	-
De-recognition of subsidiaries upon loss of control (Note 21)	-	-	(631)	-	(631)	871	240
Balance at 31 March 2022	73,194	(269)	(271)	(219,262)	(146,608)	(642)	(147,250)

See accompanying notes to condensed interim financial statements.

C. Condensed interim statements of changes in equity (cont'd)

Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2021	73,194	(269)	(274)	(181,815)	(109,164)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(26,714)	(26,714)
Balance at 31 March 2022	73,194	(269)	(274)	(208,529)	(135,878)
Balance at 1 October 2020	73,194	(269)	(274)	(58,412)	14,239
Loss for the period, representing total comprehensive loss for the period	-	-	-	(632)	(632)
Balance at 31 March 2021	73,194	(269)	(274)	(59,044)	13,607

See accompanying notes to condensed interim financial statements.

D. Condensed interim consolidated statement of cash flows

	Note	Group Half Year Ended 31 March 2022 Unaudited S$'000	Group Half Year Ended 31 March 2021 Unaudited S$'000
Operating activities			
Profit/(Loss) before tax from continuing operations		33,882	(6,621)
Loss before tax from discontinued operations		-	(88)
		33,882	(6,709)
Adjustments for:			
Share of results of associates and joint venture		(407)	(566)
Depreciation of property, plant and equipment	**6.1**	1,234	1,265
Gain on de-recognition of subsidiaries upon loss of control	**21**	(71,920)	-
Trade receivables written off/(writeback)	**6.1**	604	(90)
Other receivables (writeback)/written off	**6.1**	(14)	475
Allowance for doubtful trade receivables	**6.1**	158	-
Allowance for doubtful other receivables	**6.1**	34,807	-
Allowance for impairment loss on contract asset	**6.1**	1,932	-
Amortisation of financial guarantee liabilities		-	(38)
Amortisation of intangible asset	**6.1**	-	62
Amortisation of issuance costs on notes payable	**6.1**	-	17
Change in fair value of financial assets at fair value through profit or loss	**6.1**	-	(359)
Loss on disposal of financial asset at fair value through other comprehensive income	**6.1**	22	-
Changes in fair value of investment properties	**6.1**	897	238
Changes in fair value of non-current assets held for sale	**6.1**	77	-
(Gain)/Loss on disposal of property, plant and equipment		(53)	3
Loss on disposal of an associate		-	1,324
Provision for onerous contracts written back		(369)	-
Contract assets written back	**6.1**	(18)	-
Impairment loss on property, plant and equipment		59	-
Property, plant and equipment written off		-	49
Trade payables written back		(5)	-
Interest income		(10)	(10)
Interest expense		985	974
Operating cash flows before movements in working capital		1,861	(3,365)
Trade receivables		5,064	(11,550)
Other receivables		265	4,474
Inventories		(19)	(37)
Contract assets		2,007	4,356
Trade payables		722	23,197
Other payables		(64)	(5,177)
Contract liabilities		1,832	598
Deposit		-	1
Utilisation of provision for maintenance costs		(448)	4
Cash generated from operations		11,220	12,501
Income tax paid		(87)	(285)
Net cash generated from operating activities		**11,133**	**12,216**

See accompanying notes to condensed interim financial statements.

D. Condensed interim consolidated statement of cash flows (cont'd)

	Note	Group	
		Half Year Ended	
		31 March 2022 Unaudited	31 March 2021 Unaudited
		S$'000	S$'000
Investing activities			
Proceeds on disposal of property, plant and equipment		42	60
Purchase of property, plant and equipment		(196)	(317)
Proceeds from disposal of an associate		-	3,519
Proceeds from disposal of other investment		-	627
Return on capital from investment in joint venture		-	129
Repayment of advances to directors of subsidiaries		126	-
Repayment of finance lease receivables		5	5
Net cash outflow on de-recognition of subsidiaries upon loss of control	**21**	(1,765)	-
Interest received		10	10
Net cash (used in)/generated from investing activities		**(1,778)**	**4,033**
Financing activities			
Repayment of bank loans		(2,271)	(17,854)
Repayment of long-term borrowings		(5,877)	(178)
Decrease in bank balances pledged		1,410	5,822
Repayment to former immediate holding company of a subsidiary		(47)	(8,454)
Repayment of principal portion of lease liabilities		(593)	(529)
Loan payable		100	2,000
Interest paid		(985)	(974)
Net cash used for financing activities		**(8,263)**	**(20,167)**
Net increase/(decrease) in cash and cash equivalents		1,092	(3,918)
Cash and cash equivalents at beginning of period		7,053	11,847
Effect of foreign exchange rate changes		(5)	455
Cash and cash equivalents at end of period (Note a)		**8,140**	**8,384**

	Group	
Note a	31 March 2022 Unaudited	31 March 2021 Unaudited
	$'000	$'000
Cash and cash equivalents	8,771	9,764
Bank overdrafts	(631)	(1,380)
	8,140	8,384

See accompanying notes to condensed interim financial statements.

E. Notes to the condensed interim consolidated financial Statements

1. Corporate information

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

The Company’s immediate and ultimate holding company is Tramore Global Limited, a company incorporated in British Virgin Islands.

These condensed interim consolidated financial statements as at and for the financial period ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are investment holding and property investment and development. The principal activities of its associates, joint venture and subsidiaries are those of engineering and infrastructure business.

Proposed Restructuring Exercise

On 15 July 2021, the Company announced the appointment of RSM Corporate Advisory Pte. Ltd. (“RSM”) as financial consultant in June 2021, to, inter alia, undertake a review of the Group’s businesses and assist to formulate restructuring plans to improve the financial position and/or performance of the Group.

Following the completion of RSM’s review and their proposed restructuring plan to the Company, on 7 August 2021, the Company announced that it intends to propose a scheme of arrangement between the Company and its creditors. The Company has accordingly filed an application in the General Division of the High Court of the Republic of Singapore for a moratorium under Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (the “IRDA”) on 6 August 2021 (the “Application”). Please see the announcement on 7 August 2021 for more information. In addition, the Company’s wholly-owned subsidiaries PBT Engineering Pte Ltd (“PBT Engineering”), Trans Equatorial Engineering Pte Ltd (“Trans Equatorial”), TEE Infrastructure Private Limited (“TEE Infra”) and TEE E&C (Malaysia) Sdn Bhd (“TEE E&C (M)”), (together with the Company, PBT Engineering, Trans Equatorial and TEE Infra, the “Applicants”) have also filed applications under Section 65 of the IRDA on 6 August 2021 respectively in support of the Company’s proposed restructuring. The moratorium orders are being sought to preserve the assets of the Group pending the formulation of a holistic restructuring plan. Please also see further announcements on material developments in this regard made on 17 August 2021, 7 September 2021, 8 September 2021, 19 October 2021, 1 November 2021 and 29 November 2021 (the “Previous Announcements”).

On 23 March 2022, the Company announced that, together PBT Engineering and TEE Infra, an extension of the Moratoria under Section 64(7) and/or 65(5) of the IRDA (the “Extension Applications”) were filed on 18 March 2022. Further on 31 March 2022, the Court has granted orders in terms of the Extension Applications for moratoria relief for the Company, PBT Engineering and TEE Infra up to 30 June 2022.

Creditors’ Voluntary Liquidation of Trans Equatorial

On 26 November 2021, the Court has granted leave for Trans Equatorial to withdraw its application and the Court also ordered that RSM to be appointed as Monitoring Accountants to perform the following functions:

a) To exercise oversight over the entire restructuring process;
b) To exercise oversight over the utilisation of the assets and cash; and
c) To provide a report to the Court and the creditors every 2 months to update on the restructuring process.

On 16 December 2021, the Company has announced that the Group has commenced the winding-up process of Trans Equatorial by way of creditors’ voluntary liquidation (the “CVL”) and appointed Ms. Oon Su Sun and Mr. Lin Yueh Hung of RSM Corporate Advisory Pte. Ltd. as provisional liquidators. On 13 January 2022, the Company further announced that Trans Equatorial has been officially placed in CVL pursuant to a special resolution passed at the Extraordinary General Meeting of Trans Equatorial and confirmation by the creditors of Trans Equatorial at a creditors meeting, both held on 12 January 2022.

Entry into Non-binding Termsheet with Investors

On 28 January 2022, the Company also announced that it has entered into a non-binding termsheet (the “Termsheet”) with Chong Sin Kiong (“Mr. Chong) and Tan Keng Song (“Mr Tan” and together with Mr. Chong, the “Investors”) on 27 January 2022. The Company and the Investors (the “parties”) have mutually agreed that subject to the execution of the definitive agreements (and other terms and conditions set out in the Termsheet), the parties will undertake the Proposed Investor Transactions (as defined in the said announcement) in connection with the Debt Restructuring Exercise.

The Company will continue to work with RSM and its legal advisors on the restructuring plan which includes disposal of non-core assets, restructuring of the debts under the Company and PBT Engineering, and Trans Equatorial’s voluntary liquidation.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of Preparation

The condensed interim financial statements for the second quarter and half year ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the period ended 30 September 2021.

The accounting policies adopted are consistent with those of the previous financial period which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

Basis of consolidation

The condensed interim consolidated financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

Change in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

De-recognition of Trans Equatorial and its subsidiaries upon loss of control

Pursuant to a special resolution passed at the extraordinary general meeting of Trans Equatorial and confirmation by the creditors of Trans Equatorial at the creditors meeting, both held on 12 January 2022, Trans Equatorial was placed into creditors' voluntary liquidation (the "CVL").

Ms. Oon Su Sun and Mr. Lin Yueh Hung of RSM Corporate Advisory Pte. Ltd. were appointed as the liquidators for the purposes of the CVL. Hence, the Company no longer has control over Trans Equatorial and its subsidiaries i.e. PBT Engineering Sdn Bhd (Brunei), PBT Engineering Sdn Bhd (Malaysia), TEE Philippines, Inc., Trans Equatorial Indochina Co., Ltd, Oscar Estate Management Co., Ltd and Oscar Design & Decoration Co., Ltd (collectively, the "Trans Group"). Accordingly, consolidation of Trans Group ceased when the Company ceased to control Trans Group. Detailed information is disclosed in Note 21.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values in the tables are rounded to the nearest thousand (S$'000), except when otherwise indicated.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of Preparation (cont'd)

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the period ended 30 September 2021.

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed interim financial statements is included in the following notes:

(a) Going concern assumption

As at 31 March 2022, the Group and the Company's current liabilities exceeded their current assets by S$164,560,000 (30 September 2021 - S$200,352,000) and S$147,364,000 (30 September 2021 - S$120,654,000) respectively.

At the Company level, the net current liabilities are due mainly to inter-company payables to certain subsidiaries and provision for corporate guarantees issued to counterparties for performance bonds and claims made against certain subsidiaries. These factors give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

Notwithstanding the proposed restructuring exercise as explained in Note 1 above, the condensed interim financial statements for 2QFY2022 have been prepared on the assumption that the Company and its subsidiaries is able to continue as a going concern. As the discussions with creditors and proposed restructuring exercise is still in progress and the final outcome is uncertain, the actual impact, whether financial or non-financial, is not easily determinable as at the date of this announcement. The condensed interim financial statements in this announcement, explanatory notes and other information have not been audited or reviewed by the Company's auditors.

Accordingly, depending on the eventual outcome of the aforementioned, the Company and/or its subsidiaries may have to make material adjustments to its financial performance and financial position for 2QFY2022 as contained herein. In this regard, the Company will make the appropriate announcements accordingly when more information is available.

(b) Determination of lease terms

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

(c) Deferred taxation on investment properties

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

F. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of Preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next interim period are included in the following notes:

(a) Revenue recognition

The Group recognises revenue from the following major sources:

- Construction engineering contracts
- Sale of goods
- Revenue from services rendered
- Interest income
- Rental income

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

Construction engineering contracts

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

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

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

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

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

Sale of goods

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

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of Preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

(a) Revenue recognition (cont'd)

Rendering of services

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

Interest income

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

Rental and related services income

The Group's policy for recognition of rental income arises from operating leases as described above.

Rental related service income is recognised as a performance obligation satisfied over time, when the relevant services are provided over the lease period.

(b) Calculation of loss allowances

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

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

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

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

(c) Contract assets arising from construction engineering contracts

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

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

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

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

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

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

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

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of Preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

(e) Valuation of investment properties

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

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

In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

(f) Estimation of incremental borrowing rate

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

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

(g) Estimation of provisions made on various claims

In conjunction with the proposed restructuring exercises as disclosed in Note 1, the Group and the Company continue to assess the adequacy of the various provision for liabilities made from the claims received. The carrying amount and details of the Group and the Company's various provisions are disclosed in Note 18.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information

For management purposes, the Group is organised into three major business segments/operating divisions based on their services as follows:

i. Segment 1: Engineering and Construction – involves providing mechanical and electrical engineering services, and asset enhancement initiative 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

ii. Segment 2: Infrastructure – infrastructure business offers infrastructure solutions in the areas of water and energy related projects and commercial and industrial real estate management. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services

iii. Segment 3: Corporate & Others – involves a range of activities from corporate exercises and include income and expenses not attributable to other operating segments

The Group Chief Executive and Managing Director monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment profit/(loss) before taxation. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

E. Notes to the condensed interim consolidated financial statements (cont'd)

4.1 Reportable segments (cont'd)

	Corporate & Others		Engineering and Construction		Infrastructure		Discontinued operations (Note 8)		Elimination / Adjustments		Group	
	Half Year Ended		Half Year Ended		Half Year Ended		Half Year Ended		Half Year Ended		Half Year Ended	
	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue												
External sales	1,136	960	27,323	72,668	15,613	16,121	-	96	-	-	44,072	89,845
Inter-segment sales	206	23	-	-	8	-	-	-	(214)	(23)	-	-
Total revenue	1,342	983	27,323	72,668	15,621	16,121	-	96	(214)	(23)	44,072	89,845
Segment results												
Segment results	(30,041)	(1,748)	(2,463)	(5,252)	385	32	-	(88)	66,557	756	34,438	(6,300)
Share of results of associates and joint venture	-	-	-	3	407	563	-	-	-	-	407	566
Finance costs	(484)	(169)	(339)	(674)	(144)	(395)	-	-	4	263	(963)	(975)
(Loss)/Profit before tax	(30,525)	(1,917)	(2,802)	(5,923)	648	200	-	(88)	66,561	1,019	33,882	(6,709)
Income tax credit/(expense)	50	(165)	10	718	(126)	34	-	-	-	-	(66)	587
(Loss)/Profit for the period	(30,475)	(2,082)	(2,792)	(5,205)	522	234	-	(88)	66,561	1,019	33,816	(6,122)

	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment assets												
Segment assets	43,902	44,288	21,195	31,866	18,405	30,456	-	-	-	-	83,502	106,610
Investment in associates and joint venture	-	-	-	-	5,288	5,001	-	-	-	-	5,288	5,001
Deferred tax assets	7	9	-	-	2	51	-	-	-	-	9	60
Total assets	43,907	44,297	21,195	31,866	23,695	35,508	-	-	-	-	88,799	111,671
Segment liabilities												
Segment liabilities	144,842	10,026	49,424	195,904	14,184	17,512	-	-	-	-	208,450	223,442
Loans, borrowings and lease liabilities	25,122	28,284	631	27,418	1,106	10,110	-	-	-	-	26,859	65,812
Income tax payable	450	570	-	2,956	186	48	-	-	-	-	636	3,574
Deferred tax liabilities	-	-	-	-	104	120	-	-	-	-	104	120
Total liabilities	170,414	38,880	50,055	226,278	15,580	27,790	-	-	-	-	236,049	292,948

E. Notes to the condensed interim consolidated financial statements (cont'd)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 30 September 2021:

	Group		Company	
	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Financial assets at fair value through other comprehensive income	-	400	-	-
Financial assets at amortised cost	22,721	29,385	15,111	14,543
	22,721	**29,785**	**15,111**	**14,543**
Financial liabilities				
Financial guarantee liabilities	105,868	-	105,868	75,868
Financial liabilities at amortised cost	122,550	230,571	73,714	76,673
	228,418	**230,571**	**179,582**	**152,541**

Financial assets at amortised cost consist of cash and bank balances, trade receivables and other receivables excluding prepayments, deferred commission expenses, grant receivables, accrued rental income and GST receivable.

Financial liabilities at amortised cost consist of bank loans and overdrafts, trade payables excluding GST payables, other payables, lease liabilities, long-term borrowings, long-term deposit and financial guarantee liabilities.

6. Profit/(Loss) before taxation

6.1 Significant items

	Continuing operations		Discontinued operations		Total	
	Half Year Ended		Half Year Ended		Half Year Ended	
	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Foreign exchange (gain)/loss	(17)	21	-	170	(17)	191
Change in fair value of investment properties	897	238	-	-	897	238
Change in fair value of non-current assets held for sale	77	-	-	-	77	-
Change in fair value of financial assets at fair value through profit or loss	-	(359)	-	-	-	(359)
Loss on disposal of financial asset at fair value through other comprehensive income	22	-	-	-	22	-
Amortisation of issuance costs on notes payable	-	17	-	-	-	17
Amortisation of intangible assets	-	62	-	-	-	62
Professional fees	437	168	-	-	437	168
Depreciation of property, plant and equipment, including ROU assets	1,234	1,265	-	-	1,234	1,265
Gain on de-recognition of subsidiaries upon loss of control	(71,920)	-	-	-	(71,920)	-
Trade receivables written off/(writeback)	604	(90)	-	-	604	(90)
Other receivables (writeback)/ written off	(14)	475	-	-	(14)	475
Contract assets written back	(18)	-	-	-	(18)	-
Impairment loss on financial assets and contract assets						
- Trade receivables	158	-	-	-	158	-
- Other receivables	34,807	-	-	-	34,807	-
- Contract assets	1,932	-	-	-	1,932	-

E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Loss before taxation (cont'd)

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

Group	Continuing operations		Discontinue operations		Total	
	Half Year Ended		Half Year Ended		Half Year Ended	
	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited	31 March 2022 Unaudited	31 March 2021 Unaudited
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Current:						
- (Loss)/profit for the period	168	158	-	-	168	158
- Adjustment in respect of prior years	(66)	17	-	-	(66)	17
- Withholding tax expenses	5	-	-	-	5	-
Deferred:						
- Credit for the period	(41)	(762)	-	-	(41)	(762)
	66	**(587)**	**-**	**-**	**66**	**(587)**

8. Discontinued operations

	Note	Discontinued operations Half Year Ended 31 March 2022	Discontinued operations Half Year Ended 31 March 2021	Change
		S$'000	**S$'000**	**%**
Operating loss of TEE HK	(a)	-	(88)	NM
		-	(88)	

(a) Discontinued operations for the 3 months and 6 months ended 31 December 2021 relate to the disposal of all the shares in TEE Hong Kong Limited ("TEE HK"). As announced on 12 May 2021, the Company had entered into a conditional sale and purchase agreement with Yeung Kwok Ching for the sale of its entire 100% stake in TEE HK. The sale was completed on 1 June 2021, and the Company accounted for the results of TEE HK up to 31 May 2021.

9. Dividend

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as the Company is in an accumulated loss making position and the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment.

10. Net Asset Value

Group	31 March 2022 Unaudited	30 September 2021 Audited
Net assets value per ordinary share based on issued share capital at end of financial period (in cents)	(22.7)	(27.8)
Number of ordinary shares issued at the end of the period	646,882,476	646,882,476

Company	31 March 2022 Unaudited	30 September 2021 Audited
Net assets value per ordinary share based on issued share capital at end of financial period (in cents)	(21.0)	(16.9)
Number of ordinary shares issued at the end of the period	646,882,476	646,882,476

E. Notes to the condensed interim consolidated financial statements (cont'd)

11. Trade receivables

	Group		Company	
	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000
Contract trade receivables	3,369	13,500	-	-
Third parties	5,857	8,241	165	-
GST receivable	-	969	-	-
	9,226	22,710	165	-
Less: Allowance for impairment				
- At beginning of period	(7,275)	(192)	-	-
- Allowance for the period	(158)	(7,084)	-	-
- Foreign currency exchange adjustment	-	1	-	-
- De-recognition of subsidiaries	7,010	-	-	-
- At end of period	(423)	(7,275)	-	-
Trade receivables - net	**8,803**	**15,435**	**165**	**-**

12. Contract assets

Group	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000
Accrued revenue	259	299
Amounts related to construction engineering contracts	16,524	19,259
	16,783	19,558
Less: Allowance for impairment		
- At beginning of period	-	(957)
- Allowance for the period	(1,923)	-
- Allowance written off	-	957
- At end of period	(1,923)	-
Contract assets – net	**14,860**	**19,558**

13(i). Non-current assets held for sale

Group and Company	31 March 2022 Unaudited	30 September 2021 Audited
	$'000	$'000
Reclassified from investment properties		
- Properties on leasehold land	18,000	18,000
- ROU asset classified as investment properties	2,128	2,205
	20,128	**20,205**

On 8 March 2021, the Company entered into a Memorandum of Understanding with a third party (the "Purchaser") to formalise an exclusive negotiation period of 6 months by which both parties shall negotiate and finalise the necessary definitive agreements to effect and undertake a sale and purchase of the investment properties located at 33 Changi North Crescent, Singapore (the "33CNC Property").

Nevertheless, on 26 November 2021, the Court granted leave to the bank to take all the necessary steps to enforce its security over the 33CNC Property, notwithstanding the moratorium granted in relation to the Company as disclosed in Note 1. As such, the 33CNC Property is classified as "Non-current assets held for sale" and the related lease liabilities of the ROU asset are classified as "Liabilities associated with non-current assets held for sale".

As at the date of this report, the sale of 33CNC Property is still in progress.

E. Notes to the condensed interim consolidated financial statements (cont'd)

13(ii). Liabilities associated with non-current assets held for sale

Group and Company	31 March 2022 Unaudited	30 September 2021 Audited
	$'000	$'000
Reclassified from lease liabilities	2,199	2,265
Reclassified from long term deposit	307	307
	2,506	**2,572**

14. Property, plant and equipment

Right-of-use assets ("ROU") acquired under leasing arrangements are part of property, plant and equipment.

During the half year ended 31 March 2022, the Group acquired assets amounting to S$0.9 million (31 March 2021: S$0.3 million) and disposed of assets with net book value amounting to S$0.3 million (31 March 2021: S$0.4 million).

15. Investment properties

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	Group		Company	
	2021/22 Unaudited	2020/21 Unaudited	2021/22 Unaudited	2020/21 Unaudited
	S$'000	S$'000	S$'000	S$'000
At fair value:				
At 1 October	9,396	34,162	-	23,858
Changes in fair value included in profit or loss	(897)	(238)	-	(26)
De-recognition of subsidiaries upon loss of control (Note 21)	(8,626)	-	-	-
Foreign currency exchange adjustments	127	(43)	-	-
End of interim period	**-**	**33,881**	**-**	**23,832**

16. Borrowings

Amount repayable in one year or less, or on demand

	As at 31 March 2022			As at 30 September 2021		
	S$'000 Secured	S$'000 Unsecured	S$'000 Total	S$'000 Secured	S$'000 Unsecured	S$'000 Total
Bank loans and overdrafts	-	631	631	15,386	1,743	17,129
Lease liabilities	545	-	545	1,377	-	1,377
Long-term borrowings	12,803	-	12,803	13,452	10,000	23,452
	13,348	**631**	**13,979**	**30,215**	**11,743**	**41,958**

Amount repayable after one year

	As at 31 March 2022			As at 30 September 2021		
	S$'000 Secured	S$'000 Unsecured	S$'000 Total	S$'000 Secured	S$'000 Unsecured	S$'000 Total
Lease liabilities	2,376	-	2,376	10,857	-	10,857
Long-term borrowings	10,504	-	10,504	10,732	-	10,732
	12,880	**-**	**12,880**	**21,589**	**-**	**21,589**

16. Borrowings (cont'd)

Loan from financial institutions and other borrowings are secured by the following:

i. fixed deposits;
ii. corporate guarantees by the Company and related companies;
iii. investment properties and certain property, plant and equipment

The Group's bank facility agreements include financial covenants. Some of these covenants were not met during the financial period. Consequently, the total borrowings of S$12.1 million (30 September 2021: S$17.7 million) are presented as current liabilities as at period end.

17. Trade Payables

	Group		Company	
	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000
Contract trade payables	33,513	86,726	-	-
Retention payables	10,765	43,670	-	-
Third parties	1,843	4,564	-	-
GST payable	1,344	1,382	82	59
Accrual for back-charge from customer	-	3,966	-	-
Others	-	897	-	-
Total	**47,465**	**141,205**	**82**	**59**

18. Other Payables

	Group		Company	
	31 March 2022 Unaudited	30 September 2021 Audited	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000
Amounts due to:				
- Subsidiaries	-	-	28,756	57,494
- Former immediate holding company of a subsidiary	1,484	1,531	-	-
- Former subsidiary	26,177	-	26,141	-
Shareholder loans	2,968	2,968	2,768	2,768
Loan from non-controlling interest	6,188	6,188	-	-
Accrued expenses	3,917	5,129	692	783
Accrued interest expense	113	579	11	11
Rental and security deposits	1,432	1,915	576	576
Loans from third parties	305	571	305	205
Payable for acquisition of a subsidiary	38	38	38	38
Loan from former ultimate holding company of a subsidiary	1,788	1,744	-	-
Other payables	5,160	6,279	2,290	1,694
	49,570	26,942	61,577	63,569
Less:				
Amounts payable within 12 months	(49,570)	(26,901)	(61,577)	(63,569)
Amounts payable after 12 months	-	41	-	-

E. Notes to the condensed interim consolidated financial statements (cont'd)

19. Provisions

Group	31 March 2022 Unaudited	30 September 2021 Audited
	S$'000	S$'000
Provision for maintenance costs	322	778
Provision for performance bonds	-	23,242
Provision for onerous contracts	682	1,051
Provision for liquidated damages	-	24,393
Provision for potential back charges from customers	-	4,422
	1,004	**53,886**

20. Financial Guarantee Liabilities

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, and corporate guarantee issued to counterparties for performance bonds and claims made against certain subsidiaries.

As at 31 March 2022, the Group and the Company recognised financial guarantee liabilities of $105.9 million (FY2021: NIL) and $105.9 million (FY2021: $75.9 million), respectively. The liabilities made are mainly resulted from the insolvency of Trans Equatorial and it was placed in a creditors' voluntary liquidation since 12 January 2022 as disclosed in Note 1. The liabilities were principally arising in view of the project stoppage and termination, novation of projects and various claims / disputes with contract counterparties.

The Group continues to assess the adequacy of the provisions.

21. De-recognition of subsidiaries upon loss of control

As disclosed in Note 1 and Note 2, the Company no longer has control over Trans Equatorial and its subsidiaries when Trans Equatorial was placed into CVL and appointment of liquidators for the purposes of the CVL on 12 January 2022. Accordingly, consolidation of Trans Group ceased when the Company ceased to control Trans Equatorial and its subsidiaries. The fair value of identifiable assets and liabilities were as follows:

	As at 12 Jan 2022
	$'000
Effects on de-recognition	
Cash and cash equivalents	1,765
Trade receivables and other receivables	27,303
Contract assets	778
Property, plant and equipment (inclusive of Right-of-use assets)	225
Investment properties	8,626
Deferred tax assets	76
Bank loans and overdraft	(14,155)
Trade payables and other payables	(132,527)
Contract liabilities	(897)
Provisions	(52,065)
Long-term borrowings	(5,000)
Income tax payable	(2,959)
Lease liabilities	(9,198)
Net identifiable liabilities de-recognised	(178,028)
Non-controlling interest	871
Foreign currency translation	(631)
Liabilities assumed pursuant to financial guarantees (Note 20)	105,868
Net	(71,920)
Gain on de-recognition	71,920
	-
Cash and cash equivalents disposed of	(1,765)
Net cash outflow from the de-recognition upon loss of control	(1,765)

E. Notes to the condensed interim consolidated financial statements (cont'd)

22. Share Capital

There were no changes in the Company's share capital since 15 February 2019.

There are 1,270,400 treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. The total number of issued shares as at 31 March 2022 is 648,152,876 (30 September 2021: 648,152,876).

The Company's subsidiaries do not hold any shares in the Company as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

23. Contingent liabilities

Various claims have been made against the Company and the Group in the Engineering and Construction segment for liquidated damages, defects, and/or under guarantees for the performance of the contracts. The Company released the latest announcement on 11 April 2022 to provide an update in relation to claims against the Company and the Group.

As at the date of this announcement, there are 3 claims against the Company amounting to about S$13.7 million. There are 135 claims and 60 claims against Trans Equatorial, PBT Engineering and Arrow Waste Management Pte Ltd ("AWM") amounting to about S$143.4 million, S$14.6 million and S$2.5 million, respectively. Furthermore, there are 13 claims against TEE E&C (M) to-date amounting to an aggregate of about an equivalent of S$1.9 million.

In view of the restructuring process, the management is still assessing and estimating the potential exposure on liabilities and contingent liabilities. Accordingly, the Group has made adequate provision for liabilities in connection with the claims in these condensed interim financial statements based on current best estimates and available information. The outcome of certain claims, and counterclaims, cannot be determined with reasonable certainty as of the date of this announcement. Together with the financial consultant, the management is in active discussions and negotiations with various parties to reach amicable conclusions.

24. Subsequent events

The Company had defaulted on loan repayment to a bank which was due on 19 February 2021. On 9 September 2021, the bank gave notice, via their solicitors, to the Company that they will be exercising their rights to take possession of the mortgaged property situated at 33 Changi North Crescent, Singapore 499640 (the "33CNC Property").

Notwithstanding the moratorium granted to the Company, the Court granted leave to the said bank to take all necessary steps to enforce its security over 33CNC Property. The Property is classified as "Non-current Assets held for sale" and the related lease liabilities of the ROU asset are classified as "Liabilities associated to non-current assets held for sale" and presented separately in the consolidated statement of financial position as management has assessed that the sale is highly probable.

As at the date of this report, the sale of 33CNC Property is still in progress.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of TEE International Limited and its subsidiaries as at 31 March 2022 and the related condensed consolidated statement of comprehensive income for the period from 1 October 2021 to 31 March 2022, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period from 1 October 2021 to 31 March 2022 and certain explanatory notes have not been audited or reviewed.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Please refer to the Company's Annual Report released on 13 January 2022 and announcement made on 13 January 2022 for the follow-up actions taken by the Company.

(i) On-going CAD investigations on Unauthorised Remittances - no further development.

(ii) Revision of FY2020 financial statements (the "**revised FY2020 FS**") in respect certain non-compliance with accounting standards under Section 201(5) of the Companies Act as identified by the Accounting and Corporate Regulatory Authority contained in the financial statements for the financial year ended 31 May 2019 – the Company is pleased to informed that an announcement was made on 27 April 2022, that the revised FY2020 FS has been finalised as required and, a copy of the revised FY2020 FS together with supporting working documents were presented to ACRA on 27 April 2022. The revised FY2020 FS was approved and adopted by shareholders at an extraordinary general meeting held on 13 May 2022.

(iii) Contingent liabilities - please refer to Note 23 to the condensed interim financial statements for updates.

(iv) Appropriateness of going concern assumption – please refer to Note 1 to the condensed interim financial statements for updates.

(v) Insufficient information to complete of the audit of the consolidated financial statements of Group – this refers to a subsidiary, Trans Equatorial. Trans Equatorial was not audited as the said subsidiary is insolvent and has been placed in liquidation as announced on 16 December 2021 and 13 January 2022.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

To its best knowledge, the Board of Directors confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

2. Review of performance of the Group

Financial performance review

Since last financial year, the Group has announced that it has commenced a strategic review of the Group's business with the appointment of RSM as financial consultant in June 2021 to assist to formulate restructuring plans to improve the financial position and/or performance of the Group.

On 12 January 2022, the Group has commenced the winding up process of the wholly-owned subsidiary of the Company, Trans Equatorial by way of creditors' voluntary liquidation and the Group loses control of Trans Equatorial. Accordingly, Trans Equatorial and its subsidiaries are de-consolidated from the Group in second quarter ended 31 March 2022.

Second Quarter Ended 31 March 2022 ("Q2FY2022") against 3-month comparative period from 1 January 2021 to 31 March 2021 ("3MFY2021")

Revenue decreased by S$17.9 million mainly due to NIL revenue contribution from Trans Equatorial for the current financial period. Cost of sales correspondingly decreased by S$23.2 million.

The gross profit of S$1.9 million is mainly contributed by the Group's environmental business and rental income from its investment properties. Both remain stable and have positive contribution to the Group.

Other operating income decreased by S$1.3 million mainly due to less government grant received during the financial period. There was a gain of S$71.9 million arising from the de-recognition of Trans Group.

Administrative expenses decreased by S$1.2 million mainly due to lower employee benefits expenses resulted from lower headcount and lower depreciation charge of property, plant and equipment as compared to prior period.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

2. Review of performance of the Group (cont'd)

Financial performance review (cont'd)

Second Quarter Ended 31 March 2022 ("Q2FY2022") against 3-month comparative period from 1 January 2021 to 31 March 2021 ("3MFY2021") (cont'd)

Other operating expenses increased significantly by S$36.2 million mainly due to allowance for doubtful other receivables of S$34.8 million.

Overall, the Group reported a profit after tax of S$34.3 million in 2QFY2022, which is significantly higher than 3MFY2021, mainly caused by the gain arising from the de-recognition of Trans Group.

Attributable to the owners of the Company was a profit of S$34.3 million in 2QFY2022 as compared to a loss of S$6.1 million in 3MFY2021.

Half Year Ended 31 March 2022 ("1HFY2022") against 6-month comparative period from 1 October 2020 to 31 March 2021 ("6MFY2021")

Revenue decreased by S$45.7 million mainly due to NIL revenue contribution from Trans Equatorial for the current financial period. Cost of sales correspondingly decreased by S$50.9 million. The detailed breakdown of the revenue by segments are shown in Note 4.1 to the condensed interim financial statements. The gross profit of S$3.9 million is mainly contributed by the Group's environmental business and rental income from its investment properties. Both remain stable and have positive contribution to the Group.

Other operating income decreased by S$2.7 million mainly due to less government grant received during the financial period. There was a gain of S$71.9 million arising from the de-recognition of Trans Group.

Administrative expenses decreased by S$2.6 million mainly due to lower employee benefits expenses resulted from lower headcount and lower depreciation charge of property, plant and equipment as compared to prior period.

Other operating expenses increased significantly by S$36.3 million mainly due to allowance for doubtful other receivables of S$34.8 million.

Overall, the Group reported profit after tax of S$33.8 million in 1HFY2022. Attributable to the owners of the Company was profit of S$33.6 million in 1HFY2022 as compared to a loss of S$6.9 million in 6MFY2021.

Financial position review

Cash and cash equivalents increased by S$1.0 million mainly due collections from customers, offset by repayments of bank borrowings. Fixed deposits decreased by S$1.4 million mainly due to the loss of control of subsidiaries.

Trade receivables decreased by S$6.6 million mainly due to receipt from customers during the financial period and offsetting of receivable and payable balances with a customer who is also a sub-contractor of the Group.

Contract assets decreased by S$4.7 million mainly due to conversion to trade receivables upon billing.

The Group has de-recognised investment property of Lat Krabang Housing Phase 4 Part 1, Thailand upon the loss of control of subsidiaries.

Bank loans and overdrafts, long-term borrowings and lease liabilities reduced by S$36.7 million in aggregate mainly attributed to the loss of control of subsidiaries as well as due to repayments of bank loans and borrowings, offset by recognition of lease liabilities upon renewal of certain leases.

Trade and other payables decreased by S$71.1 million mainly attributed to the loss of control of subsidiaries, offset by payable balances with Trans Group which is now classified as third party.

Contract liabilities increased by S$1.0 million mainly due to the higher progress billing as compared to the revenue recognised of an on-going engineering and construction project.

Provisions and income tax payable decreased by S$52.9 million and S$2.9 million, respectively, mainly due to deconsolidation of subsidiaries and repayment of income taxes.

Provision of financial guarantee liabilities is explained in Note 21 in the condensed financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

2. Review of performance of the Group (cont'd)

Cash Flow Statement

Half Year Ended 31 March 2022 ("1HFY2022") against 6-month comparative period from 1 October 2020 to 31 March 2021 ("6MFY2021")

Net cash generated from operating activities of S$11.1 million mainly contributed by improved working capital management.

Net cash used in investing activities was S$1.8 million mainly arising from cash outflow on de-recognition of subsidiaries upon loss of control.

Net cash used in financing activities was S$8.2 million, mainly due to net repayment of bank borrowings of S$8.1 million and relevant interest paid of S$1.0 million, offset by decrease in bank balances pledged by S$1.4 million.

As a result, the Group recorded a net increase in cash and cash equivalents of S$1.1 million.

Net Current Liabilities and Negative Net Equity

As at 31 March 2022, the Group and the Company's current liabilities exceeded its current assets by S$164.6 million and S$147.4 million respectively. At the Company level, the net current liabilities are due mainly to inter-company payables to certain subsidiaries and provision for corporate guarantees issued to counterparties for performance bonds and claims made against certain subsidiaries.

As at 31 March 2022, the Group and the Company's accumulated losses exceeded its share capital, resulting in negative net equity by S$147.3 million and S$135.9 million respectively.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no forecast or prospect statement which has been previously disclosed.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Group

As announced previously, RSM was appointed as financial consultant in June 2021, to, inter alia, undertake a review of the Group's businesses and assist to formulate restructuring plans to improve the financial position and/or performance of the Group. Following the completion of RSM's review and their proposed restructuring plan to the Company, the Company and its subsidiaries intend to propose a scheme of arrangement between the Company and its creditors. The Company and its wholly-owned subsidiaries PBT Engineering, Trans Equatorial, TEE Infra and TEE E&C had accordingly filed an application (the Applications") in the General Division of the High Court of the Republic of Singapore) (the "Court") for a moratorium under Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (the "IRDA") on 6 August 2021. The moratorium orders are being sought to preserve the assets of the Group pending the formulation of a holistic restructuring plan. On 26 November 2021, the Court has granted moratoriums for all the Applicants save for Trans Equatorial until 31 March 2022.

Trans Equatorial has been approved to be placed under creditor voluntary liquidation on 12 January 2022 and RSM has been appointed as liquidator. The Company wishes to confirm that there has been no other material development in relation to the creditors' voluntary liquidation of Trans Equatorial that may have a significant impact on the Company's financial position.

The Court has, on 31 March 2022, granted orders in terms of the Extension Applications for moratoria relief for the Company, PBT Engineering and TEE Infra up to 30 June 2022.

Separately on 28 January 2022, the Company also announced that it has entered into a non-binding termsheet with two investors. It will be followed by due diligence and fulfillment of certain terms and conditions (as defined in the announcement) to complete the new investment by the investors. This potential investment is essential and as a booster for the Company and the Group's business growth moving forward. The Company is optimistic on the progress of the proposed restructuring process.

Despite with above challenges, the Group is persistently to form strategic partnership with valued and synergetic partners to secure new projects and be vigilant on cash flow and cost management in order to strive through these challenges.

Engineering and Construction Business

Engineering and construction business remains challenging by facing headwinds ahead. It continues to be impacted by the on-going COVID-19 pandemic and group restructuring exercises as explained in this announcement.

In view of the current challenging market condition primarily arising from COVID-19 impact, the on-going projects of Engineering and Construction Business is still impacted in terms of labour crunch, delay of project delivery lead time, supply chain disruption and rising input costs, which will dampen the performance profitability and cash flow liquidity. Nonetheless, the Group are committed and devoted to completing all projects under asset enhancement cluster as concurred with clients and consultants, and will relentlessly take proactive approaches to contain the rising input costs and implement cash conservation exercise.

Our total outstanding order book stands at approximately S$44.7 million with total 5 ongoing projects as at 31 March 2022.

Infrastructure Business

With the transition of the COVID-19 pandemic to endemic slowly gaining momentum from now on, it is a positive news for the environmental services industry. The environmental business is positioned to capitalise on the higher demand for environment management services resulting from the expected improvement of economic activities.

The environmental business continues to contribute positive result to the Group. Concurrently, the Group will continue its efforts to selectively divest its investment in overseas infrastructure assets.

The minority shareholders of the environmental business offered to acquire all the shareholders' loans and equity interest in G3 held by TEE Infrastructure (50.1%) through a non-binding offer for S$5.5 million; and a binding offer for S$6 million on 2 March 2022 and 14 April 2022, respectively. Both offers were declined after due consideration.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

5. Interested person transactions

No IPT mandate has been obtained for the period under review. However, the Company wishes to disclose the following aggregate value of interested person transactions conducted during the financial period ended 31 March 2022.

Name of Interested Person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	**S$'000**
Tramore Global Limited [1]	Nil [2]	Nil

[1] Tramore Global Limited ("TGL") is a controlling shareholder of the Company, holding direct interest of 53.39% of the issued share capital of the Company. As at 31 March 2022, TGL granted unsecured interest-free loans of S$2.9 million in total to the Company and a subsidiary of the Company. The repayment date of the loan is on 31 December 2022, or any dates as may be agreed by TGL and the Company.

[2] Under Rule 909(3) of the Listing Rule, in the case of borrowing of funds from an interested person, the value of transaction is interest payable on the borrowing. The loan granted by TGL to the Company is an unsecured interest-free loan, hence the aggregate value of the transactions is Nil.

6. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its Directors and executive officers in accordance with Rule 720(1) of the Listing Manual.

7. Additional information required pursuant to Rule 706A

<u>Deregistration of Subsidiaries and Associate Company</u>

TEE Tech Pte. Ltd. ("TEE Tech") and TEE Green Pte. Ltd ("TEE Green"), the Company's wholly owned subsidiaries incorporated in Singapore, had been deregistered (the "Deregistration").

The deregistration for subsidiaries has no material impact on the consolidated net tangible assets and earnings per share of the Company and Group for the current financial period ended 31 March 2022.

None of the directors and, as far as the directors are aware, none of the controlling shareholders of the Company has any interest, direct or indirect, in the aforesaid transaction, save for their shareholdings (if any) in the Company.

8. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5)

We, Phua Cher Chuan and Teo Yi-Dar, being two Directors of TEE International Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter and half year ended 31 March 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

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Phua Cher Chuan
Group Chief Executive and Managing Director

Dated: 14 May 2022

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions* *made or reports contained in this announcement.*