TEE International Limited
and its subsidiaries
Registration Number: 200007107D

Condensed Interim Financial Statements
For the full year ended 30 September 2021

Change of financial year end from 31 May to 30 September

Refer to the Company's announcement dated 28 April 2021, the Company changed its financial year end from 31 May to 30 September after taking into consideration the Group's reporting requirements and to facilitate better management of resources and internal processes for a smooth flow of business operations and financial reporting. Following the change, the Company's present financial year is a 16-month period from 1 June 2020 to 30 September 2021.

In accordance with Rule 705(1) of the Singapore Exchange Securities Trading Limited Listing Manual ("Listing Rules"), the comparative period of this set of condensed interim financial statements covers from 1 June 2019 to 31 May 2020 (12-month period).

The Company is mandatorily required pursuant to the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") to continue with quarterly reporting of its financial statements with effect from 7 February 2020 in view of the modified opinion issued by the Company's statutory auditors in its annual report for the financial year ended 31 May 2020.

Table of Contents

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

B. Condensed Interim Statements of Financial Position

C. Condensed Interim Statements of Changes in Equity

D. Condensed Interim Consolidated Statement of Cash Flows

E. Notes to the Condensed Interim Consolidated Financial Statements

F. Other Information Required by the Listing Rule Appendix 7.2

With reference to the Company's announcement dated 15 July 2021 on the Unaudited Fourth Quarter Financial Statements and Dividend Announcement for the Period Ended 31 May 2021, 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"), 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.

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 in coming few months. The Court also ordered that RSM be appointed as Monitoring Accountants to exercise oversight over the entire restructuring process and over the utilization 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.

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 abovementioned, the Company and/or its subsidiaries may have to make material adjustments to its financial performance and financial position for FY2021 as contained herein. In this regard, the Company will make the appropriate announcements accordingly when more information is available.

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	Group 16 months ended 30 September 2021 Unaudited S$'000	12 months ended 31 May 2020 Re-presented S$'000	Change %
Continuing operations				
Revenue	4	142,580	329,945	(56.8)
Cost of sales		(256,013)	(331,030)	(22.7)
Gross loss		(113,433)	(1,085)	NM
Other operating income		8,497	3,919	116.58
Expenses				
Administrative expenses		(14,694)	(19,215)	(23.5)
Other operating expenses		(76,472)	(6,919)	NM
Share of results of associates and joint venture		949	746	27.2
Finance costs		(3,486)	(7,755)	(55.0)
Loss before income tax		**(198,639)**	**(30,309)**	**553.2**
Income tax expense	7	(580)	(3,416)	(83.0)
Loss for the period/year from continuing operations	6	**(199,219)**	**(33,725)**	**489.0**
Loss for the period/year from discontinued operations	8	**(564)**	**(30,840)**	**(98.2)**
Loss for the period/year		**(199,783)**	**(64,565)**	**209.4**
Loss for the period/year attributable to:				
Owners of the Company		(201,794)	(59,554)	238.8
Non-controlling interests		2,011	(5,011)	NM
		(199,783)	**(64,565)**	**209.4**

Note: Please refer to Section F, under Note 2 on Financial Performance Review for comparison between full year ended 30 September 2021 (16-month period) against twelve months ended 31 May 2021

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		
	16 months ended 30 September 2021	12 months ended 31 May 2020	Change
	Unaudited	Re-presented	
	S$'000	S$'000	%
Loss for the period/year			
Loss from continuing operations, net of tax	**(199,219)**	**(33,725)**	**489.0**
Loss from discontinued operations, net of tax	**(564)**	**(30,840)**	**NM**
	(199,783)	**(64,565)**	**209.4**
Other comprehensive income, net of tax			
Item that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences arising from consolidation			
(Loss)/income from continuing operations, net of tax	(288)	461	NM
Income/(loss) from discontinued operations, net of tax	101	(458)	NM
	(187)	3	NM
Total comprehensive loss for the period/year	**(199,970)**	**(64,562)**	**209.7**
Loss attributable to:			
Loss from continuing operations, net of tax	(201,230)	(32,319)	552.6
Loss from discontinued operations, net of tax	(564)	(27,235)	(97.9)
Owners of the Company	**(201,794)**	**(59,554)**	**238.8**
Loss from continuing operations, net of tax	2,011	(1,506)	NM
Loss from discontinued operations, net of tax	-	(3,505)	(100.0)
Non-controlling interests	2,011	(5,011)	NM
	(199,783)	**(64,565)**	**209.4**
Total comprehensive loss attributable to:			
Owners of the Company	(202,004)	(59,093)	241.8
Non-controlling interests	2,034	(5,469)	NM
	(199,970)	**(64,562)**	**209.7**
Loss per share for loss for the period attributable to the owners of the Company:			
From continuing and discontinued operations			
- Basic (SGD in cent)	(31.19)	(9.21)	238.8
- Diluted (SGD in cent)	(31.19)	(9.21)	238.8
Weighted average number of ordinary shares	646,882,476	646,882,476	
From continuing operations			
- Basic (SGD in cent)	(31.11)	(4.98)	524.6
- Diluted (SGD in cent)	(31.11)	(4.98)	524.6
Weighted average number of ordinary shares	646,882,476	646,882,476	

See accompanying notes to condensed interim financial statements.

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 September 2021	31 May 2020	30 September 2021	31 May 2020
		Unaudited	Re-presented	Unaudited	Audited
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and cash equivalents		7,756	50,764	236	8,997
Bank balances pledged		4,440	3,615	-	-
Trade receivables	**11**	15,337	30,010	-	3,659
Other receivables		3,356	5,027	15,347	14,165
Financial assets at fair value through profit or loss		-	82	-	82
Inventories		87	77	-	-
Contract assets	**12**	16,879	146,244	-	-
		47,855	235,819	15,583	26,903
Assets classified as held-for-sale	**13**	20,205	-	20,205	-
Total current assets		68,060	235,819	35,788	26,903
Non-current assets					
Other receivables		240	1,369	-	777
Investment under fair value through other comprehensive income		400	-	-	-
Investment in associates		5,001	9,646	-	-
Investment in joint venture		-	130	-	-
Investment in subsidiaries	**14**	-	-	11,455	43,926
Intangible asset		-	310	-	-
Property, plant and equipment	**15**	25,822	25,339	26	41
Investment properties	**16**	9,395	34,926	-	23,909
Deferred tax assets		60	618	9	-
Total non-current assets		40,918	72,338	11,490	68,653
Total assets		108,978	308,157	47,278	95,556

See accompanying notes to condensed interim financial statements.

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

	Note	Group		Company	
		30 September 2021	31 May 2020	30 September 2021	31 May 2020
		Unaudited	Re-presented	Unaudited	Audited
		S$'000	S$'000	S$'000	S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	**17**	17,129	57,496	-	-
Trade payables	**18**	190,331	147,628	59	3,613
Other payables		26,517	24,881	130,467	59,555
Contract liabilities		2,234	661	-	-
Provision for maintenance costs		778	235	-	-
Current portion of lease liabilities	**17**	3,642	19,651	2,265	128
Current portion of long-term borrowings	**17**	23,818	2,809	12,797	2,510
Current portion of financial guarantee liabilities		-	75	-	75
Income tax payable		3,828	4,339	570	842
		268,277	257,775	146,158	66,723
Non-current liabilities					
Lease liabilities	**17**	10,857	14,454	-	2,309
Long-term borrowings	**17**	10,732	16,755	-	11,404
Long-term deposit		307	306	307	306
Other payables		41	40	-	-
Deferred tax liabilities		85	178	-	-
Total non-current liabilities		22,022	31,733	307	14,019
Capital, reserves and non-controlling interests					
Share capital	**19**	73,194	73,194	73,194	73,194
Treasury shares	**19**	(269)	(269)	(269)	(269)
Currency translation reserve		395	605	-	-
Capital reserve		-	-	(274)	(274)
Accumulated losses		(253,157)	(51,363)	(171,838)	(57,837)
Equity attributable to owners of the Company		(179,837)	22,167	(99,187)	14,814
Non-controlling interests		(1,484)	(3,518)	-	-
Net (deficit)/equity		(181,321)	18,649	(99,187)	14,814
Total liabilities and equity		108,978	308,157	47,278	95,556

See accompanying notes to condensed interim financial statements.

C. Condensed interim statements of changes in equity

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

See accompanying notes to condensed interim financial statements.

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

Group	Attributable to equity owners of the Company							
	Share capital	Treasury shares	Currency translation reserve	Capital reserve	Accumulated losses	Equity attributable to Owners of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 June 2020	73,194	(269)	605	-	(51,363)	22,167	(3,518)	18,649
Total comprehensive income/(loss) for the period:								
Loss for the period	-	-	-	-	(201,794)	(201,794)	2,011	(199,783)
Other comprehensive income/(loss) for the period	-	-	(210)	-	-	(210)	23	(187)
Total comprehensive loss for the period	-	-	(210)	-	(201,794)	(202,004)	2,034	(199,970)
Balance at 30 September 2021	73,194	(269)	395	-	(253,157)	(179,837)	(1,484)	(181,321)

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 June 2020	73,194	(269)	(274)	(57,837)	14,814
Loss for the period, representing total comprehensive loss for the period	-	-	-	(114,001)	(114,001)
Balance at 30 September 2021	**73,194**	**(269)**	**(274)**	**(171,838)**	**(99,187)**
Balance at 1 June 2019	73,194	(269)	(274)	(15,001)	57,650
Loss for the year, representing total comprehensive loss for the year	-	-	-	(42,836)	(42,836)
Balance at 31 May 2020	**73,194**	**(269)**	**(274)**	**(57,837)**	**14,814**

See accompanying notes to condensed interim financial statements.

D. Condensed interim consolidated statement of cash flows

	Group	
	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Re-presented
	S$'000	S$'000
Operating activities		
Loss before tax from continuing operations	(198,639)	(30,309)
Loss before tax from discontinued operations	(564)	(30,849)
	(199,203)	(61,158)
Adjustments for:		
Share of results of associates and joint venture	(949)	(144)
Depreciation of property, plant and equipment	4,654	6,074
(Write back of)/Allowance for doubtful other receivables	(51)	169
Trade receivables written off	2,119	978
Other receivables written off	2,103	12
Allowance for impairment loss on contract assets	-	957
Allowance for doubtful trade receivables	7,084	53
Amortisation of deferred commission expenses	418	1,733
Amortisation of deferred show flat costs	-	1,150
Amortisation of financial guarantee liabilities	(75)	(186)
Amortisation of intangible asset	310	744
Amortisation of issuance costs on notes payable	39	282
Changes in fair value of financial assets at FVTPL	(545)	82
Changes in fair value of investment properties	4,332	1,189
Club membership written off	-	5
Gain on disposal of right-of-use assets	(1,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(147)	6
Loss on disposal of subsidiary	470	-
Loss on disposal of associate	1,324	-
Impairment loss on property, plant and equipment	2,388	2,484
Contract assets written off	55,751	-
Impairment recognised based on net estimated fair value	-	20,309
Property, plant and equipment written off	172	234
Provision for unavoidable cost of onerous contracts	1,051	-
Provision for maintenance costs	556	462
Provision of performance bonds/claims from a contract counterparty	23,242	-
Provision for liquidated damages and completion costs	28,815	-
Provision for potential additional back-charges from client	3,966	-
Unrealised currency translation gain	(30)	(219)
Interest income	(39)	(229)
Interest expense	3,486	12,470
Operating cash flows before movements in working capital	(59,759)	(12,543)
Trade receivables	9,088	3,799
Other receivables	607	1,769
Inventories	(10)	81
Contract assets	70,957	(5,617)
Contract costs	-	(3,409)
Development properties	-	15,609
Completed properties and land for sale	-	9,954
Trade payables	(14,155)	936
Other payables	(11,240)	12,707
Contract liabilities	1,573	2,704
Utilisation of provision for maintenance costs	(13)	(1,219)
Cash (used in)/generated from operations	(2,952)	24,771
Interest paid	(2,122)	(3,539)
Income tax paid	(527)	(2,377)
Net cash (used in)/generated from operating activities	**(5,601)**	**18,855**

See accompanying notes to condensed interim financial statements.

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

	Group	
	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Re-presented
	S$'000	S$'000
Investing activities		
Proceeds on disposal of property, plant and equipment	414	443
Purchase of property, plant and equipment	(289)	(1,338)
Net cash (outflow)/inflow from the disposal of a subsidiary	(11)	25,074
Proceeds from disposal of an associate	3,519	-
Proceeds from disposal of other investment	627	-
Return on capital from investment in joint venture	129	-
Loans receivables	-	(18)
Repayment of finance lease receivables	22	10
Repayment of loans receivables	-	225
Interest received	30	114
Net cash generated from investing activities	**4,441**	**24,510**
Financing activities		
Drawdown of bank loans	26,989	159,194
Repayment of bank loans	(67,865)	(145,938)
Drawdown of long-term borrowings	5,000	10,195
Repayment of long-term borrowings	(2,141)	(37,281)
Repayment of notes payable	-	(18,439)
Increase in bank balances pledged	(825)	(315)
Repayment of principal portion of lease liabilities/ finance lease	(3,786)	(2,262)
Repayment of loan to non-controlling interest	(1,996)	(3,004)
Capital injection by non-controlling interest	-	20
Loan from a controlling shareholder	2,968	-
Loan payable	601	-
Interest paid	(1,364)	(12,552)
Net cash used for financing activities	**(42,419)**	**(50,382)**
Net decrease in cash and cash equivalents	(43,579)	(7,017)
Cash and cash equivalents at beginning of period/year	50,570	57,554
Effect of foreign exchange rate changes	62	33
Cash and cash equivalents at end of period/year (Note a)	**7,053**	**50,570**

	Group	
Note a	30 September 2021 Unaudited	31 May 2020 Re-presented
	$'000	$'000
Cash and cash equivalents	7,756	50,764
Bank overdrafts	(703)	(194)
	7,053	50,570

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.

These condensed interim consolidated financial statements as at and for the financial period ended 30 September 2021 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

With reference to the Company's announcement dated 15 July 2021 on the Unaudited Fourth Quarter Financial Statements and Dividend Announcement for the Period Ended 31 May 2021, the Company has 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.

To strengthen its financial position, the Group is in discussions with unrelated interested parties to raise equity funds and divest off certain of its non-core assets as well as continue to manage its operating costs. Trans Equatorial and PBT Engineering have also divested selected on-going projects in the last few months. The Group continues to be in discussions with the relevant creditors on alternative repayment schedules and terms.

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"), (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, (the "Previous Announcements").

The Applicants have filed and served the latest affidavit setting out, among other things, further details of the proposed restructuring plan and the estimated recovery for the creditors of the Company on 1 November 2021.

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 is likely to undergo a voluntary liquidation in the coming few months. 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 utilization of the assets and cash
c) To provide a report to the Court and the creditors every 2 months to update on the restructuring process

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 PBT Engineering and the Company and Trans Equatorial's voluntary liquidation. The Company is also exploring the sale of the property at 33 Changi North Crescent (Section E Note 13).

2. Basis of Preparation

The condensed interim financial statements for the financial period from 1 June 2020 to 30 September 2021 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 year ended 31 May 2020.

The accounting policies adopted are consistent with those of the previous financial year 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.

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)

Going concern assumptions

Notwithstanding the Applicants proposed restructuring exercise as explained in Note 1 above, the condensed interim financial statements for FY2021 have been prepared on the assumption that the Company and its subsidiaries, save for Trans Equatorial, 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 FY2021 as contained herein. In this regard, the Company will make the appropriate announcements accordingly when more information is available.

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 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) 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).

(b) 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.

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)

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.

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.

2. Basis of Preparation (cont'd)

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

(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's 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 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) 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.

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)

(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.

3. Seasonal operations

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

4. Segment and revenue information

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

i. Segment 1: 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

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, and Group Chief Financial Officer monitor 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

	Corporate & Others		Engineering **		Infrastructure		Discontinued operations		Elimination		Group	
	2021	2020 Re-presented	2021	2020 Re-presented	2021	2020 Re-presented	2021	2020 Re-presented	2021	2020 Re-presented	2021	2020 Re-presented
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited		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	2,334	1,935	96,491	292,423	43,755	35,587	162	47,877	-	-	142,742	377,822
Inter-segment sales	394	3,613	-	507	37	12	-	813	(431)	(4,945)	-	-
Total revenue	2,728	5,548	96,491	292,930	43,792	35,599	162	48,690	(431)	(4,945)	142,742	377,822
Segment results												
Segment results	(10,885)	(34,599)	(189,416)	(12,208)	4,959	(8,097)	(564)	(4,775)	(760)	10,847	(196,666)	(48,832)
Share of results of associates and joint venture	-	-	3	(4)	946	750	-	(602)	-	-	949	144
Finance costs	(816)	(4,333)	(1,362)	(2,296)	(1,987)	(2,158)	-	(4,714)	679	1,031	(3,486)	(12,470)
(Loss)/Profit before tax	(11,701)	(38,932)	(190,775)	(14,508)	3,918	(9,505)	(564)	(10,991)	(81)	11,878	(199,203)	(61,158)
Income tax (expense)/credit	(61)	(1,354)	(561)	(2,466)	42	350	-	9	-	54	(580)	(3,407)
(Loss)/Profit for the period/year	(11,762)	(40,286)	(191,336)	(16,974)	3,960	(9,155)	(564)	(10,082)	(81)	11,932	(199,783)	(64,565)
Segment assets												
Segment assets	44,382	37,876	29,081	211,448	30,454	48,439	-	-	-	-	103,917	297,763
Investment in associates and joint venture	-	-	-	130	5,001	9,646	-	-	-	-	5,001	9,776
Deferred tax assets	9	-	-	560	51	58	-	-	-	-	60	618
Total assets	44,391	37,876	29,081	212,138	35,506	58,143	-	-	-	-	108,978	308,157
Segment liabilities												
Segment liabilities	10,026	4,750	193,054	152,710	17,128	16,366	-	-	-	-	220,208	173,826
Loans, borrowings and lease liabilities	28,284	16,347	27,418	62,917	10,476	31,901	-	-	-	-	66,178	111,165
Income tax payable	717	842	3,096	3,488	15	9	-	-	-	-	3,828	4,339
Deferred tax liabilities	-	-	-	-	85	178	-	-	-	-	85	178
Total liabilities	39,027	21,939	223,568	219,115	27,704	48,454	-	-	-	-	290,299	289,508

Loss from Engineering Segment mainly caused by a subsidiary, Trans Equatorial Engineering Pte Ltd ("Trans Equatorial"). Trans Equatorial reported a **loss after tax of **S$184,808,000** for the financial period ended 30 September 2021.

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

4.2 Disaggregation of Revenue

Breakdown of revenue and operating profit/(loss) after tax:

	Continuing operations		Discontinued operations		
	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Unaudited	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Unaudited	Change
	S$'000	S$'000	S$'000	S$'000	%
Revenue reported for first half year	66,743	172,218	83	36,411	(68)
Operating profit/(loss) after tax before deducting non-controlling interests for first half year	1,035	(3,145)	(21)	(37,912)	(102)
Revenue reported for second 10 months/half year	75,837	157,727	79	11,466	(55)
Operating (loss)/profit after tax before deducting non-controlling interests reported for second 10 months/half year	(200,254)	(26,055)	(543)	2,547	754

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 May 2020:

	Group		Company	
	30 September 2021 Unaudited	31 May 2020 Re-presented	30 September 2021 Unaudited	31 May 2020 Re-presented
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Financial assets at fair value through profit or loss	-	82	-	82
Financial assets at fair value through other comprehensive income	400	-	-	-
Financial assets at amortised cost	45,949	88,659	15,550	26,625
	46,349	**88,741**	**15,550**	**26,707**
Financial liabilities				
Financial guarantee liabilities	-	75	-	75
Financial liabilities at amortised cost	285,096	264,415	145,837	79,825
	285,096	**264,490**	**145,837**	**79,900**

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

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

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

6. Loss before taxation

6.1 Significant items

	Continuing operations		Discontinued operations		Total	
	16 months ended 30 September 2021	12 months ended 31 May 2020	16 months ended 30 September 2021	12 months ended 31 May 2020	16 months ended 30 September 2021	12 months ended 31 May 2020
	Unaudited	Re-presented	Unaudited	Re-presented	Unaudited	Re-presented
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Foreign exchange (gain)/loss	(352)	74		-	(352)	74
Change in fair value of investment properties	4,332	1,189	-	-	4,332	1,189
Amortisation of deferred commission expenses	418	73	-	1,660	418	1,733
Amortisation of deferred show flat costs	-	-	-	1,150	-	1,150
Amortisation of issuance costs on notes payable	39	282	-	-	39	282
Depreciation of property, plant and equipment, including ROU assets	4,640	4,456	14	1,618	4,654	6,074
Trade receivables written off	2,119	-	-	-	2,119	-
Other receivables written off	2,103	-	-	-	2,103	-
Contract assets written off	55,751	-	-	-	55,751	-
Impairment loss on property, plant and equipment	2,388	2,484	-	-	2,388	2,484
Impairment loss on financial assets and contract assets						
- Trade receivables	7,084	53	-	-	7,084	53
- Other receivables	-	169	-	-	-	169
- Contract assets	-	957	-	-	-	957
	7,084	1,179	-	-	7,084	1,179

6.2 Related party transactions

There are no material related party transactions apart from those disclosed in Section F Note 5 of this announcement.

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

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	
	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Re-presented	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Re-presented	16 months ended 30 September 2021 Unaudited	12 months ended 31 May 2020 Re-presented
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current:						
- (Loss)/profit for the period/year	165	245	-	511	165	756
- Adjustment in respect of prior years	(73)	3,863	-	(79)	(73)	3,784
- Withholding tax expenses	27	-	-	83	27	83
Deferred:						
- Credit for the period/ year	461	(692)	-	(524)	461	(1,216)
	580	**3,416**	**-**	**(9)**	**580**	**3,407**

8. Discontinued operations

		Discontinued operations		
		16 months ended 30 September 2021	12 months ended 31 May 2020	Change
	Note	S$'000	S$'000	%
Operating losses of TEE Land	(a)	-	(30,840)	NM
Operating losses of AWM	(b)	-	-	NM
Operating losses of TEE HK	(c)	(564)	-	NM
		(564)	**(30,840)**	**(98.4)**

(a) Discontinued operations in financial period ended 31 May 2020 relate to the disposal of the entire stake of 63.28% shares in TEE Land Limited ("TEE Land"). As announced on 13 January 2020, the sale of TEE Land shares was completed on 3 February 2020. The Company accounted for the results of TEE Land up to 31 January 2020.

(b) As announced on 30 June 2020, the expected completion date of the disposal of Arrow Waste Management Pte. Ltd. ("AWM") was on 29 May 2020. However, subsequent to that, the Company and its subsidiary, TEE Infrastructure Private Limited ("TEE Infra") had received notices of termination of the proposed disposal from the Purchaser. The Company, TEE Infra, AWM and the Purchaser and the Purchaser's holding company Nutara Investment Pte. Ltd. have on 18 December 2020 entered into a settlement agreement. Accordingly, TEE Infra and the Purchaser will not be proceeding with the Proposed Disposal. As such, AWM has been reclassified as continuing operations in current financial year and the comparatives are re-presented in conformity with the change.

(c) Discontinued operations in financial period ended 30 September 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 2 June 2021, and the Company accounted for the results of TEE HK on 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 (1) the Company is in a accumulated loss making position; (2) 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; and (3) due to a material uncertainty related to going concern raised by the independent auditor in the audited financial statements for the financial year ended 31 May 2020.

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

10. Net Asset Value

Group	30 September 2021 Unaudited	31 May 2020 Re-presented
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	(27.8)	3.4
Number of ordinary shares issued at the end of the period/year	646,882,476	646,882,476

Company	30 September 2021 Unaudited	31 May 2020 Re-presented
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	(15.3)	2.3
Number of ordinary shares issued at the end of the period/year	646,882,476	646,882,476

11. Trade receivables

	Group		Company	
	30 September 2021 Unaudited	31 May 2020 Re-presented	30 September 2021 Unaudited	31 May 2020 Audited
	S$'000	S$'000	S$'000	S$'000
Contract trade receivables	13,394	24,492	-	3,613
Third parties	8,250	5,644	-	-
Others	969	66	-	46
	22,613	30,202	-	3,659
Less: Allowance for impairment				
- At beginning of period/year	(192)	(268)	-	-
- Allowance for the period/year	(7,084)	(53)	-	-
- Foreign currency exchange adjustment	-	8	-	-
- Written off	-	121	-	-
- At end of period/year	(7,276)	(192)	-	-
Trade receivables - net	**15,337**	**30,010**	**-**	**3,659**

12. Contract assets

Group	30 September 2021 Unaudited	31 May 2020 Re-presented
	S$'000	S$'000
Accrued revenue	299	304
Amounts related to construction engineering contracts	16,580	146,897
	16,879	147,201
Less: Allowance for impairment		
- At beginning of period/year	(957)	(86)
- Allowance for the period/year	-	(957)
- Allowance written off	957	86
- At end of period/year	-	(957)
Contract assets – net	**16,879**	**146,244**

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

13. Assets classified as held-for-sale

The asset held for sale represents Group's investment property at 33 Changi North Crescent (Note 16).

14. Investment in subsidiaries

Company	30 September 2021 Unaudited	31 May 2020 Audited
	S$'000	S$'000
Unquoted equity shares, at cost	49,108	49,713
Impairment loss	(37,653)	(5,787)
Net	**11,455**	**43,926**

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		30 September 2021	31 May 2020
		%	%
Trans Equatorial Engineering Pte. Ltd. Singapore	Provision of mechanical and electrical engineering services	100.00	100.00
PBT Engineering Pte. Ltd. Singapore	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100.00	100.00
TEE E&C (Malaysia) Sdn. Bhd. Malaysia	Provision of mechanical and electrical engineering services	100.00	100.00
Oscar Estate Management Co., Ltd Thailand	Residential real estate management	73.99	73.99
G3 Environmental Private Limited Singapore	Commercial and industrial real estate Management	50.10	50.10

In view of the proposed restructuring exercise as explained in Section E Note 1, the Company is still assessing and estimating the recoverable amounts of its investment in the subsidiaries.

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

15. Property, plant and equipment

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

During the financial period ended 30 September 2021, the Group acquired assets amounting to S$24.4 million (31 May 2020: S$2.4 million), in which S$23.4 million pertains to TEE Building and disposed of assets with net book value amounting to S$16.9 million (31 May 2020: S$0.7 million).

16. 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	
	30 September 2021 Unaudited	31 May 2020 Re-presented	30 September 2021 Unaudited	31 May 2020 Audited
	S$'000	S$'000	S$'000	S$'000
At fair value:				
At beginning of the period/year	34,926	31,442	23,909	22,000
Effects on disposal of TEE Land	-	(9,318)	-	-
Adoption of *SFRS(I) 16*	-	2,562	-	2,562
Additions	-	11,552	-	-
Reclassified to assets held for sale (Note 13)	(20,205)	-	(20,205)	-
Changes in fair value included in profit or loss	(4,332)	(1,189)	(3,704)	(653)
Foreign currency exchange adjustments	(994)	(123)	-	-
At end of the period/year	**9,395**	**34,926**	**-**	**23,909**

17. Borrowings

Amount repayable in one year or less, or on demand

	As at 30 September 2021		As at 31 May 2020	
	S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
Bank loans and overdrafts	15,283	1,846	54,675	2,821
Lease liabilities	3,642	-	19,651	-
Long-term borrowings	13,818	10,000	2,809	-
	32,743	**11,846**	**77,135**	**2,821**

Amount repayable after one year

	As at 30 September 2021		As at 31 May 2020	
	S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
Lease liabilities	10,857	-	14,454	-
Long-term borrowings	10,732	-	11,755	5,000
	21,589	**-**	**26,209**	**5,000**

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
iv. financial assets at fair value through other comprehensive income ("FVOCI")

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

17. Borrowings (cont'd)

The effective interest rate on the outstanding bank loans and overdrafts ranges from 1.91% to 5.25% (FY2020 – 2.02% to 3.98%). The Group and Company's long-term borrowings bear interest at rates ranging from 2.50% - 4.85% (FY2020 – 2.38% to 3.32%) per annum.

The Group enters into leases for lease of building, leased premises and office equipment from non-related parties under non-cancellable lease agreements. The lease liabilities are secured by the lessors' title to the leased assets.

A corporate entity in Singapore has given their financial support and a joint and several corporate guarantee for a bank loan granted to a subsidiary of the Company, secured against certain of the Group's assets.

The Company also provided corporate guarantee to the facilities granted to the subsidiaries of the Company.

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$17.7 million are presented as current liabilities as at 30 September 2021.

The Group had received letter of demand from a bank during the 16-month financial year ended 31 September 2021. Ongoing discussions are being held with the bank, together with RSM, as part of the restructuring exercise.

18. Trade Payables

	Group		Company	
	30 September 2021 Unaudited	31 May 2020 Re-presented	30 September 2021 Unaudited	31 May 2020 Re-presented
	S$'000	S$'000	S$'000	S$'000
Contract trade payables	116,707	119,449	-	3,613
Retention payables	43,670	25,929	-	-
Third parties	4,564	1,015	-	-
Provisions for performance bond	23,242	-	-	-
Others	2,148	1,235	59	-
Total	**190,331**	**147,628**	**59**	**3,613**

19. 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 30 September 2021 is 648,152,876 (31 May 2020: 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.

20. Contingent liabilities

Various claims have been made against the Company and the Group in the Engineering segment for liquidated damages, defects, and/or under guarantees for the performance of the contracts. As at the date of this announcement, there are 3 claims against the Company amounting to about S$13.7 million. There are 136 claims and 55 claims against Trans Equatorial and PBT Engineering amounting to about S$128.0 million and S$9.0 million respectively. In addition, there are 13 claims against TEE E&C Malaysia amounting to about an equivalent of S$1.9 million. Refer to Company's announcements dated 19 June 2021, 29 June 2021, 15 July 2021 in relation to the Unaudited Fourth Quarter Financial Statements and Dividend Announcement for the Period Ended 31 May 2021, 3 August 2021, 7 August 2021, 17 August 2021, 23 August 2021, 30 August 2021, 6 September 2021, 10 September 2021, 13 September 2021, 21 September 2021, 28 September 2021, 4 October 2021, 8 November 2021,15 November 2021 and 29 November 2021 (the "Previous Announcements") for more information.

In view of the proposed restructuring exercise as explained in Section E Note 1, the Group continues to be in discussions with its creditors and also continue to assess and estimate its liabilities and/or contingent liabilities exposures. The Group may face more claims from its creditors and/or may have to make additional provisions for liabilities and/or contingent liabilities for FY2021. The Company will make the appropriate announcements where necessary.

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

20. Contingent liabilities (cont'd)

Arbitration Proceedings

Refer to Company's announcements dated 19 September 2020, 13 October 2020, 26 October 2020 and 20 November 2020, in relation to the ongoing arbitration proceedings commenced by MDIS Malaysia Sdn Bbd ("Claimant") in respect of disputes between the Claimant and TEE E&C arising out of and/or in connection with a construction contract dated 30 June 2014. The arbitration proceedings comprise (i) arbitration proceedings against TEE E&C (the "Malaysia Arbitration'); and (ii) arbitration proceedings against the Company in Singapore (the "Singapore Arbitration") (collectively "Arbitration Proceedings").

As at the date of this announcement, there is no other progress apart from those that had already been announced. As mentioned in the previous announcements, the Executive Directors have evaluated the claims made under Arbitration Proceedings and are of the view that the amounts claimed by the Claimant are excessive and without merit. The Group will provide updates at the appropriate juncture if and when there are material developments in relation to the Arbitration Proceedings. The Company, with the assistance of RSM, is in the process of discussions and negotiation with MDIS to arrive at an amicable solution.

21. Subsequent events

Save as disclosed in this announcement, there are no known subsequent events which have led to material adjustments required to this set of condensed interim financial statements. Nonetheless, the Group has filed to the Court on a proposed restructuring exercise as explained in Section E Note 1 and discussions with creditors and proposed restructuring exercise is still in progress and the final outcome is uncertain. Any 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 also not been audited or reviewed by the Company's auditors. Depending on the eventual outcome of the aforementioned, the Group may have to make material adjustments to its financial performance and financial position for FY2021 as contained herein. In this regard, the Company will make the appropriate announcements accordingly when more information is available.

22. Comparative figures

Refer to the Company's announcements dated 5 October 2021, 15 October 2021 and 19 November 2021 in relation to the Letter from ACRA dated 28 September 2021 regarding the request by ACRA that the Company revise its FY2019 Financial Statements ("FS") and FY2020 FS (the "Revision"). The Company had various meetings with ACRA to clarify and discuss the various issues faced in relation to the Revision. Pursuant to such meetings and after taking into consideration the significant challenges faced by the Company in revising the FY2019 FS, ACRA has agreed that the Company may revise the FY2020 FS, with the necessary revisions reflected in respect of the FY2019 comparative figures set out in the FY2020 FS.

In view of the above, the Company shall revise its FY2020 FS pursuant to Section 202A of the Companies Act and the Companies (Revision of Defective Financial Statements or Consolidated Financial Statements or Balance Sheet) Regulations 2018 and shall complete the revision on or before 27 April 2022, subsequent to the finalisation of FY2021 FS.

As such, the comparative figures in respect of this set of condensed interim financial statements for the full year from 1 June 2020 to 30 September 2021 are that of audited FY2020 FS before the revision above. Nonetheless, in view of termination of proposed disposal of AWM as explain in Section E Note 8, certain comparative figures are reclassified accordingly to conform to the format adopted for this FY2021 results announcement.

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 30 September 2021 and the related condensed consolidated statement of comprehensive income for the period then ended, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

The Company has engaged the services of its auditor, Foo Kon Tan LLP ("FKT") to conduct an agreed upon procedures in connection with revenue, cost of sales, trade receivables, contract assets and trade payables of four major projects undertaken by Trans Equatorial which were deemed to be material with respect to the financial results and financial position announced in the 4Q2021 Results Announcement on 15 July 2021. Based on the final findings of FKT, the Company has reviewed the financial results and financial position as contained in the 4Q2021 Results announcement again and no material adjustments are required.

The condensed interim financial statements in this announcement, explanatory notes and other information have not been audited or reviewed by the Company's auditor.

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 12 October 2020 and announcement made on 13 October 2020 for the follow-up actions taken by the Company.

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

(ii) Opening balances of TEE Land Limited and components of losses from TEE Land Limited - no effect for the current period as the losses from TEE Land Limited's disposal had been fully recognised in the previous financial year ended 31 May 2020.

(iii) Contingent liabilities - please refer to Note 19 to the condensed interim financial statements for updates.

(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

In accordance with Rule 705(1) of the Singapore Exchange Securities Trading Limited Listing Manual ("Listing Rules"), the Company is announcing its condensed interim financial statements in accordance with the following timeline:

(i) Current financial period – 1 June 2020 to 30 September 2021 (16-month period)
(ii) Comparative period – 1 June 2019 to 31 May 2020 (12-month period)

Revenue decreased by S$187.3 million despite longer reporting period mainly due to substantial completion of a major project. The Group's construction activities have been severely slowed down due to COVID-19. Cost of sales correspondingly decreased by S$75.0 million. The detailed breakdown of the revenue by segments are shown in Note 4.1 to the condensed interim financial statements.

The gross loss of S$113.4 million was solely due to the engineering and construction segment. It was mainly caused by costs overrun resulting in foreseeable losses for certain on-going projects of the Group flowing from the current challenging business environment. The Group's engineering and construction business has been adversely affected by the on-going COVID-19 pandemic whereby projects have been negatively impacted due to labour shortages, accelerated project timelines, stringent safety management measures and supply chain disruptions, resulted in higher operating costs incurred and to complete the projects. However, the Group's environmental business and rental income from its investment properties remains stable, healthy and have positive contribution to the Group.

Other operating income increased by S$4.6 million contributed mainly by government received during the financial 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)

Administrative expenses decreased by S$4.5 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 year.

Other operating expenses increased significantly by S$69.5 million mainly due to change in fair value of investment properties, impairment of property, plant and equipment, allowance for doubtful debts of trade and other receivables, contract assets written off and provision of claims from contract counterparties made.

Finance costs decreased by S$4.3 million due to repayment of borrowings and notes payable in prior year and during the financial period.

Overall, the Group reported a loss after tax of S$199.8 million in 16MFY2021 as compared to a loss after tax of S$64.6 million in 12MFY2020.

Attributable to the owners of the Company was a loss of S$201.8 million in 16MFY2021 as compared to a loss of S$59.6 million in 12MFY2020.

Additional disclosure:
Comparison between full year ended 30 September 2021 (16-month period) against twelve months ended 31 May 2021

	Group		
	16 months ended 30-Sep-21 Unaudited	**12 months ended 31-May-21 Unaudited**	**1-Jun-21 to 30-Sep-21 Unaudited**
	S$'000	**S$'000**	**S$'000**
Continuing operations			
Revenue	142,580	116,418	**26,162**
Cost of sales	(256,013)	(185,532)	**(70,481)**
Gross loss	(113,433)	(69,114)	**(44,319)**
Other operating income	8,497	8,200	**297**
Administrative expenses	(14,694)	(12,589)	**(2,105)**
Other operating expenses	(76,472)	(42,518)	**(33,954)**
Share of results of associates and joint venture	949	424	**525**
Finance costs	(3,486)	(2,773)	**(713)**
Loss before income tax	(198,639)	(118,370)	**(80,269)**
Income tax expense	(580)	(691)	**111**
Loss for the period from continuing operations	(199,219)	(119,061)	**(80,158)**
Loss for the period from discontinued operations	(564)	(94)	**(470)**
Loss for the period	(199,783)	(119,155)	**(80,628)**

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)

The additional loss of S$80.6 million in Q5FY2021 (4-month from 1 June 2021 to 30 September 2021) is mainly derived from Engineering and Construction segment due to the following reasons:

	16 months ended 30-Sep-21	12 months ended 31-May-21	Movement 1-Jun-21 to 30-Sep-21
	S$'000	S$'000	S$'000
Trans Equatorial			
Provision for liquidated damages and completion costs	28,815	-	28,815
Additional provision for performance bonds/claims from a contract counterparty	23,242	17,866	5,376
Provision for potential additional back-charges from client	3,966	-	3,966
Contract assets written off	53,598	16,051	37,547
Allowance for doubtful debts of trade receivables	6,914	-	6,914
PBT Engineering			
Provision for unavoidable cost of onerous contracts	1,051	-	1,051
Trade receivables written off	2,119	1,753	366
Contract assets written off	2,153	1,556	597
Total	**121,858**	**37,226**	**84,632**

In conjunction with the restructuring exercises as explained in Section E Note 1, the Group continues to assess the adequacy of the provision for liabilities as well as the recoverability and realisation of certain assets. The above provisions are mainly resulted from the insolvency of Trans Equatorial and were made principally in view of the project stoppage and termination, novation of projects and various disputes on long aged outstanding amounts. Trans Equatorial is likely to undergo a voluntary liquidation in the coming few months.

Financial position review

Cash and cash equivalents reduced by S$43.0 million mainly due to settlements of amount owing to creditors, borrowings and bills payable for the period.

Trade receivables decreased by S$14.7 million mainly due to allowance for doubtful trade receivables of S$7.1 million and write-off of S$2.1 million trade receivables as a result of slowdown of payments/non-payment from customers during the period.

Contract assets decreased significantly by S$129.4 million mainly due to slowdown of construction activities and costs overrun resulting in foreseeable losses for certain on-going projects of the Group. The Group has written off contract asset amounted to S$55.7 million.

Investment in associates decreased by S$4.6 million due to the disposal of an associate during the financial period.

Investment properties decreased by S$25.5 million mainly due to total fair value loss of S$4.3 million, foreign currency exchange adjustments of S$1.0 million and reclassification of the Group's investment property at 33 Changi North Cresent of S$20.2 million to asset held for sale. The other investment property of the Group is Lat Krabang Housing Phase 4 Part 1, Thailand.

Bank loans and overdrafts, long-term borrowings and lease liabilities reduced significantly by S$45.0 million in aggregate mainly due to repayments of bank loans and bills payables as well as reversal of lease liabilities upon termination of a lease contract by AWM.

Trade payables increased by S$42.7 million mainly due to provision for liquidated damages and completion costs of S$28.8 million, additional provision for performance bonds/claims from a counterparty of S$23.2 million, provision for potential additional back-charges from client of S$4.0 million and provision for unavoidable cost of onerous contracts of S$1.1 million, and offset by repayment to supplier during the financial period.

Other payables increased by S$1.6 million mainly due to unsecured interest-free loans of S$2.9 million granted by a controlling shareholder of the Company (Section F Note 5), and offset by lower accrued expenses and accrued interest expense.

As announced on 2 June 2021, the Group completed the proposed disposal of the entire issued and paid-up share capital of TEE Hong Kong Limited. ("TEE HK"). The disposal is expected to result in an accounting loss on disposal (being the book value of the TEE HK) of approximately HK$2.4 million (equivalent to approximately S$0.4 million).

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (cont'd)

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

Cash Flow Statement

Net cash used in operating activities of S$5.6 million, mainly due to operating loss being offset by lower contract assets of S$70.9 million.

Net cash generated from investing activities was S$4.4 million, mainly due to proceeds from disposal of investment in an associate of S$3.5 million and disposal of other investment of S$0.6 million.

Net cash used in financing activities was S$42.4 million, mainly due to repayment of bills payables, finance leases and bank borrowings of S$78.0 million being offset by drawdowns of bills payable, bank borrowings and loan from a controlling shareholder of S$35.6 million.

As a result, the Group recorded a net decrease in cash and cash equivalents of S$43.6 million.

Net Current Liabilities and Negative Net Equity

As at 30 September 2021, the Group's and the Company's current liabilities exceeded its current assets by S$198.1 million and S$128.5 million respectively.

As at 30 September 2021, the Group's and the Company's accumulated losses exceeded its share capital, resulting in negative net equity by S$181.3 million and S$99.2 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.

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

Engineering and Construction Business

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

The unprecedented COVID-19 pandemic has severely impacted the on-going projects in term of labour crunch, delay of project delivery lead time, supply chain disruption and rising input costs, which will dampen the profitability and liquidity. Nonetheless, the Group is committed and devoted to completing all projects under asset enhancement cluster as concurred with clients and consultants. To strengthen its financial position, the Group is in discussions with unrelated interested parties to raise equity funds and divest off certain of its non-core assets including 33 Changi North Crescent as well as continue to manage its costs. Trans Equatorial and PBT Engineering have also divested selected on-going projects in the last few months and will continue to review its existing uncompleted contracts on-hand and may decide to divest if it is in their best interests. The Group also continues to be in discussions with the relevant creditors on alternative repayment schedules and terms.

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.

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 (cont'd)

Engineering and Construction Business (cont'd)

On 26 November 2021, the Court has granted moratoriums for all the Applicants save for Trans Equatorial until 31 March 2022. As mentioned in the Affidavit submitted to the Court, Trans Equatorial is currently insolvent and is likely to undergo a voluntary liquidation in the coming few months. In particular, the Court ordered, *inter alia*, the following:

(a) no resolution shall be passed for the winding up of TEE Intl, PBT, TEE Infra or TEE E&C;

(b) no receiver or manager shall be appointed over any property or undertaking of TEE Intl, PBT, TEE Infra or TEE E&C;

(c) no proceedings shall be commenced or continued (other than proceedings under sections 210 or 212 of the Companies Act (Cap. 50), or sections 64, 66, 69 or 70 of the Act) against TEE Intl, PBT, TEE Infra or TEE E&C, except with the leave of Court and subject to such terms as the Court imposes;

(d) no execution, distress or other legal process may be commenced, continued or levied against any property of TEE Intl, PBT, TEE Infra or TEE E&C, except with the leave of the Court and subject to such terms as the Court imposes;

(e) no step may be taken to enforce any security over any property of TEE Intl, PBT, TEE Infra or TEE E&C, or to repossess any goods under any chattels leasing agreement, hire purchase agreement or retention of title agreement, except with the leave of the Court and subject to such terms as the Court imposes; and

(f) despite sections 18 and 18A of the Conveyancing and Law of Property Act (Cap. 61), no right of re-entry or forfeiture under any lease in respect of any premises occupied by TEE Intl, PBT, TEE Infra or TEE E&C may be enforced, except with the leave of the Court and subject to such terms as the Court imposes.

The Court also ordered that RSM be appointed as Monitoring Accountants to exercise oversight over the entire restructuring process and over the utilization 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.

Notwithstanding the moratorium granted in relation to TEE Intl, the Court granted leave to the Development Bank of Singapore Limited to take all necessary steps to enforce its security over the property at 33 Changi North Crescent Singapore 499640.

Infrastructure Business

Despite the disruptions caused by the COVID-19 pandemic, the environmental business has achieved an improvement compared to the previous years. It has turned profitable for its latest financial year vis a vis loss for the last 2 years. Given the Government's strong efforts to improve the general cleanliness and hygiene of Singapore as well as the push towards a higher recycling rate, it should be beneficial to our environmental business.

The environmental business is positioned to capitalise on the higher demand for environment management services resulted from the expected improvement in economic activities. The environmental business has been consolidating and rejuvenating its operating equipment and vehicular fleet to prepare itself to cope with the competition and disruptions caused by the pandemic. It's suite of services: waste collection, recycling, cleaning and disinfection services have been spruced up to provide a seamless solution to its customers.

Concurrently, the Group will continue its efforts to selectively divest its investment in its overseas infrastructure assets.

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 30 September 2021.

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 30 September 2021, 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 30 November 2021, 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

Deregistration of Subsidiaries and Associate Company

Nexfrontier Solutions Pte Ltd ("NFS"), TEE Engineering & Construction Private Limited ("TEE E&C"), 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").

TEE Management Pte Ltd ("TEE Mgmt") and TEE GA Pte Ltd ("TEE GA"), the Company's indirect wholly owned subsidiaries incorporated in Singapore, had been deregistered.

The deregistration for subsidiaries is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company and Group for the current financial year ending 30 September 2021.

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.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (cont'd)

8. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Phua Cher Chuan	52	Nephew of Phua Boon Kin, Executive Director of the Company	Group Chief Executive and Managing Director (2021) Other Directorships: a) TEE Industrial Pte Ltd (2021) b) TEE Infrastructure Private Limited (2019) c) TEE Solar Pte Ltd (2019) d) G3 Environmental Private Limited (2019) e) TEE Environmental Pte Ltd (2020) f) Envotek Engineering Pte Ltd (2020) g) TEE Recycling Pte Ltd (2020) h) TEE Water Pte Ltd (2019) i) Arrow Waste Management Pte Ltd (2020) j) Powersource Philippines Distribution Power Holdings Inc (Philippines) (2020)	Mr Phua was appointed as **Interim** Group Chief Executive and Managing Director on 24 June 2021. On 11 August 2021, Mr. Phua was redesignated as Group Chief Executive and Managing Director with effect from 1 September 2021. Ceased Directorships: a) CMTE Technology Sdn Bhd (2020) b) Nexfrontier Solutions Pte Ltd (2021) c) TEE Management Pte Ltd (2021) d) TEE GA Pte. Ltd (2021) e) TEE Technology Pte Ltd (2021) f) TEEGreen Agriculture Pte Ltd (2021)

On behalf of the Board of Directors,

Phua Boon Kin
Executive Director

29 November 2021

*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.*