TEE LAND

TEE LAND LIMITED

Annual Report 2019

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CORPORATE PROFILE

TEE Land Limited ("TEE Land" or the "Group") is a regional real estate developer and investor with presence in Singapore, Malaysia, Australia and New Zealand. The Group undertakes residential, commercial and industrial property development projects, as well as invests in income-generating assets.

We are an established property developer with a strong track record of delivering quality and well-designed living, commercial and industrial spaces that harmonise societies, businesses and people. Our property development projects are predominantly freehold in tenure and are targeted at middle-to-high income consumers who value exclusivity in good locations.

Incorporated in 2012 and listed on the Mainboard of the Singapore Exchange in 2013, the Group is a subsidiary of SGX Mainboard listed TEE International Limited.

OUR VISION

Our vision is to create living and working spaces that harmonise societies, businesses and people. We aspire to develop homes which resonate with consummate lifestyle choices, as well as industrial, commercial and hospitality properties which reflect the needs of the local community.

Artist impression

Artist impression

Artist impression

MESSAGE TO SHAREHOLDERS

Dear Shareholders

The financial year ended 31 May 2019 ("FY2019") was a year with mixed sentiments. The residential market in Singapore was set to slow following the implementation of a new round of cooling measures in July 2018. Sales of residential properties were dampened and activity in the collective sales/en-bloc market came to a standstill as buyers and developers tread with caution. Likewise, we adopted a prudent approach towards land acquisitions.

Despite the weaker sentiments and global economic uncertainties, the Singapore property market appears to be on steady footing as property prices remain firm on the back of various new residential project launches in the second half of FY2019. There is still demand for projects that are priced competitively and have attractive attributes such as its location, ease of accessibility to transportation networks and amenities.

We launched 35 Gilstead and Lattice One in late March and June 2019, respectively, and sales for both projects have been encouraging given their attractive attributes including close proximity to public transportation, food outlets, healthcare facilities and popular schools. We believe these two projects will continue to attract interests from owner-occupiers as well as investors. As we continue to monitor the property market and its price trend, our focal point is on executing the right sales strategy to sell our developments, which includes working with the right partners and launching effective marketing campaigns, while concurrently commence construction for these two new developments.

During FY2019, we completed two wholly owned projects, namely 24One Residences at Pasir Panjang and Third Avenue in Malaysia. Third Avenue, being the Group's maiden mixed development project in Malaysia, achieved sales of 99% with 697 out of total 701 SOHO units sold and 28 out of 31 units of its retail shops sold. Albeit the good take-up rate for the retail shops, the Group's performance was impacted by the rental guarantee committed for certain shop units sold as it faced headwinds in securing tenants due to the soft rental market in Malaysia and potential tenants deferring their commitment to rental leases until after the development was completed in October 2018. More recently, the Group had secured a number of tenants, which are food & beverage operators and lifestyle services providers, and is progressively filling up the shop spaces in Third Avenue.

The performance of Larmont Hotel in Sydney, Australia, improved year-on-year as it achieved average occupancy rate of 85% for FY2019 coupled with highly rated reviews. Larmont Hotel was marketed for sale in previous years without making any headway due to its disruptive trading history as it only completed its major refurbishment in October 2017. In the absence of a sale, Larmont Hotel was reclassified back as a property, plant and equipment in the Group's FY2019 accounts, thereby reinstating its depreciation expenses recorded in prior years in FY2019. Whilst the Group continue to work on optimising the performance of Larmont Hotel, it remains open for sale if the price is right.

EMBRACING CHALLENGES

TEE Land's FY2019 financial performance was unlike prior years. This financial year, the Group's results was affected by a number of factors, including changes in revenue, cost and interest expense recognition resulting from adoption of new / clarification of existing accounting standards, one-off costs and non-cash items. This has led to the Group reporting a substantial loss for FY2019. Should the impact from adoption of new / clarification of existing accounting standard requirements, one-off costs and non-cash items be excluded, the Group would have recorded S$0.4 million profit before tax for FY2019.

Against the backdrop of global headwinds and downward adjustment in Singapore's GDP for 2019, we acknowledge the challenges in managing rising costs and competition for property sales given the increasing number of new residential project launches from other developers in the near term. Bearing in mind these challenges, the Group will continue to operate in line with its overarching strategies of optimising operations and cost control, realising value in investments and strengthening its financial position to partake in future acquisition/investment opportunities in Singapore and overseas.

SUSTAINABILITY

It is also imperative for the Group to continually re-define its strategies to adapt to the dynamics of its operating environment. To this end, we will continue to dedicate efforts towards strengthening our performance from a sustainability perspective as reported in our Sustainability Report. Moving forward, we will continue to identify and monitor key material factors that impact our business operations, and improve on our reporting with time.

Artist impression

THERE IS STILL DEMAND FOR PROJECTS THAT ARE PRICED COMPETITIVELY AND HAVE ATTRACTIVE ATTRIBUTES SUCH AS ITS LOCATION, EASE OF ACCESSIBILITY TO TRANSPORTATION NETWORKS AND AMENITIES.

A NOTE OF THANKS

Lastly, we would like to express our continued appreciation to the Board of Directors who play a key role in guiding the management on the execution of strategies. On this note, we would like to thank Mr. Danny Lim, who has stepped down from the Board, for his sterling contribution and sound advice to the Board and wish him well in his future endeavours. We would also like to acknowledge the hard work and dedication of the management and staff at TEE Land. Our heartfelt thanks also extend to our shareholders and stakeholders, for your support through the years.

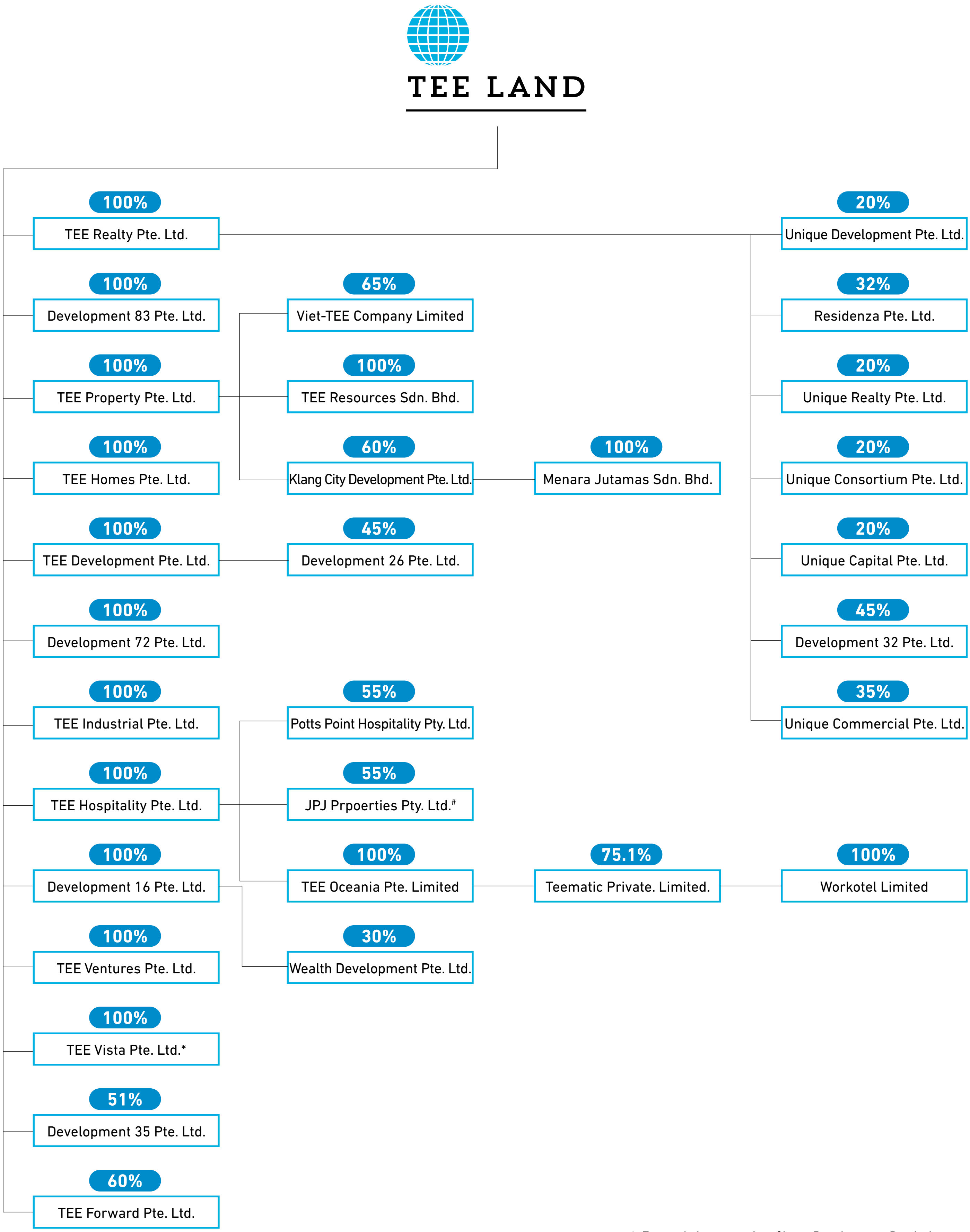
Er. Dr. Lee Bee Wah
Non-Executive Chairman

Phua Cher Chew
Executive Director and Chief Executive Officer

FINANCIAL HIGHLIGHTS

	2019	2018 (restated)
FOR THE YEAR (S$'000)		
Revenue	100,520	109,161
Gross profit	10,441	23,929
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(9,412)	3,407
Operating loss (EBIT)	(18,466)	(2,865)
Loss for the year	(25,823)	(8,999)
Loss attributable to owners of the Company	(23,840)	(8,694)
AT YEAR END (S$'000)		
Current assets	316,567	405,829
Total assets	397,599	456,379
Current liabilities	127,234	160,107
Total liabilities	267,675	298,449
Total debts (including finance lease)	229,393	241,252
Equity attributable to owners of the Company	121,292	146,734
Total equity	129,924	157,930
Number of shares (excluding treasury shares) as at 31 May ('000)	446,876	446,876
Net asset value per share (cents)	27.14	32.84

CORPORATE STRUCTURE



* Formerly known as Ley Choon Development Pte. Ltd.
\# JPJ Prpoerties Pty. Ltd. was deregistered on 7 August 2019.

SINGAPORE PROJECTS


35 Gilstead

Artist impression


TRIO

Artist impression


Lattice One

Artist impression


183 Longhaus

Artist impression


Rezi 35

Artist impression


24One Residences

Artist impression

OVERSEAS PROJECTS & INVESTMENTS


Third Avenue, retail shops


Third Avenue, office building


Third Avenue, residences


Larmont Hotel Sydney, reception


Larmont Hotel Sydney, room

Workotel

Larmont Hotel Sydney

PROJECTS AND INVESTMENTS

Name of Property	Location	Land Area (sqm)	Tenure	No. Of Units	Estimated Completion/ TOP Date	Group's Effective Interest
Residential						
Singapore						
Completed						
31 & 31A Harvey Ave	31 & 31A Harvey Avenue	1,026	Freehold	2	Mar-18	100%
The Peak @ Cairnhill I	51 Cairnhill Circle	978	Freehold	52	Sep-14	100%
Ongoing						
Rezi 35	Geylang Lorong 35	1,115	Freehold	44	Dec-19	51%
24One Residences	241 Pasir Panjang	1,202	Freehold	24	Apr-19	100%
Lattice One	1 Seraya Crescent	2,477	Freehold	48	2Q-21	100%
35 Gilstead	35 Gilstead Road	3,538	Freehold	70	2Q-21	60%

Name of Property	Location	Land Area (sqm)	Tenure	No. Of Units	Estimated Completion/ TOP Date	Group's Effective Interest
Mixed developments						
Ongoing (Singapore)						
183 Longhaus	183 Upper Thomson Road	1,576	Freehold	40 Residential 10 Commercial	Jul-19	100%
Completed (Malaysia)						
Third Avenue	Jalan Teknokrat 3, Cyberjaya, Selangor	24,085	Freehold	701 Residential 31 Commercial 1 Office Building	Oct-18	100%

Name of Property	Location	Land Area (sqm)	Tenure	No. Of Units	Estimated Completion/ TOP Date	Group's Effective Interest
Commercial						
Completed (Singapore)						
Hexacube	160 Changi Road	1,670	Freehold	32 Retail 4 Restaurant 37 Office	Mar-17	30%
TRIO	11 Sam Leong Road	1,149	Freehold	28 Retail 15 Restaurant	Jan-18	35%

Name of Property	Location	Tenure/ No. of Units	Group's Effective Interest
Income-Generating			
Singapore			
TEE Building	25 Bukit Batok Street 22 (2,600sqm)	30+30 Lease	100%
Overseas			
Workotel	19 Main South Road, Christchurch, New Zealand	107 Units 4 Houses	75.1%
Thistle Guest House	21 Main North Road, Christchurch, New Zealand	10 Rooms	75.1%
Larmont Hotel Sydney	2-14 Kings Cross Road, Potts Point, New South Wales	103 Rooms	55%

OPERATING AND FINANCIAL REVIEW

STRATEGIC FOCUS

EXPERIENCED DEVELOPER IN SINGAPORE

Singapore remains as the foundation of the Group's business. To date, the Group has completed 20 projects in Singapore. Going forward, the Group strives to develop more projects that are wholly-owned or majority-owned.

The Group has illustrated a good track record in securing well located freehold land at reasonable prices via various channels. We will stay disciplined and focused on our core strategy and carry out comprehensive evaluations of new business opportunities.

GROWING BEYOND SINGAPORE

TEE Land is a regional developer and investor with presence in Singapore, Malaysia, Australia and New Zealand. TEE Land develops property for residential, commercial and industrial use, as well as invests in income-generating assets. When growing its overseas portfolio, the Group evaluates and monitors the dynamics of the regional markets it has presence in for new investments and redevelopment opportunities.

DELIVER QUALITY DEVELOPMENTS

TEE Land is places strong emphasis on quality and practical designs. It is committed to providing quality homes targeted at middle-to-high income consumers who value exclusivity in good locations, as well as providing commercial and industrial spaces that are strategically located to cater to the masses. We have a proven track record of creating living, commercial and industrial spaces with an emphasis on practicality, quality, reliability and value to our diverse property buyers.

CORPORATE DEVELOPMENTS & OUTLOOK

TEE Land launched 35 Gilstead and Lattice One in late March and June, respectively. Despite the challenging residential market conditions, the take-up rates for both projects have been reasonable. To date, the Group sold 11 out of 70 units for 35 Gilstead at an average selling price of approximately S$2,500 psf. and 20 out of 48 units for Lattice One at an average selling price of approximately S$1,800 psf. TEE Land will continue to work closely with marketing agents to increase sales of these newly launched developments, and concurrently execute the construction of both developments.

As for the Group's Malaysia project, sales of its SOHO units have reached 99% with 697 out of 701 units sold and 28 out of 31 units of its retail shops sold as at 31 May 2019. More recently, the Group had secured a number of tenants despite the challenging rental market in Malaysia. These tenants who are food & beverage operators and lifestyle services providers are progressively filling up the shop space in Third Avenue.

Moving forward, the Group will take a cautious approach when seeking opportunities to acquire new land sites and in making any investments. In addition, we will continue to hold a tight rein on operation costs and assess the market situation so as to ensure that our sales strategies are relevant and in line with market conditions. In terms of investment properties, the Group will continue to review its portfolio of investment properties to realise their value, and remains open to good investment opportunities both locally and in overseas.

INCOME STATEMENT

Revenue for FY2019 decreased by S$8.7 million (7.9%) due mainly to lower revenue from Third Avenue in Malaysia and absence of contribution from Hilbre 28 and Harvey Avenue. This was partly offset by higher revenue from recognition of sale of 13 units of The Peak @ Cairnhill I ("The Peak") and progressive revenue recognised for development projects, namely Rezi 35 and 24One Residences. The revenue also decreased due to the impact of change in accounting standard for revenue recognition, resulting in change in estimation method for the revenue recognition of 183 Longhaus. Rental guarantee ("RG") for shop units and compensation for extended delivery of residential units for Third Avenue also reduced the revenue for FY2019.

For FY2019, despite a lower revenue, the cost of sales increased by S$4.9 million (5.7%). This was due mainly to the sale of 13 units of The Peak, amounting to S$23.2 million, at a gross loss of S$1.3 million, and variation order/additional costs for Third Avenue. As a result, gross profit margin for FY2019 was 10.4% compared to 21.9% for FY2018. If not for the reasons mentioned and the impact on revenue from the change in accounting standard, RG and compensation for extended delivery, the gross profit margin for FY2019 would have been 24.1%.

Other operating income decreased by S$1.7 million (56.8%) due mainly to the absence of unrealised foreign exchange gain from the appreciation of Malaysian Ringgit and dividend from Chewathai (former associate in Thailand) recognised in FY2018.

OPERATING AND FINANCIAL REVIEW

Interest income from associates were also lower in FY2019 because of repayment of loans by associates.

Selling and distribution costs decreased by S$5.0 million (42.0%) due mainly to the absence of one-off marketing expenses and higher sales commission incurred for Third Avenue, as well as one-off promotional expenses to sell the balance unsold units of Hilbre 28 incurred in FY2018. The higher sales commission was incurred to drive the sale of the unsold units in Third Avenue as the project was expected to be completed by the end of FY2018.

Administrative expenses increased by S$3.9 million (42.6%) due mainly to the depreciation expense of Larmont Hotel ("Hotel"). The Hotel was reclassified as non-current asset held for sale in August 2016 as there were intention and potential interested parties to dispose and realise the value of the Hotel. Depreciation charge was suspended with the reclassification. Since the disposal did not materialise to-date, the Hotel was reclassified back to property, plant and equipment, resulting in expensing off the suspended and current year depreciation charge in FY2019.

Other operating expenses were lower by S$1.6 million (15.1%) due mainly to the absence of impairment loss on the proposed disposal of all of the Group's shareholding in Chewathai, and the lower write-down on the carrying value of the unsold units at The Peak. This was offset to some extent by impairment loss on deemed costs of investment in associates, realised foreign exchange loss due mainly to the weakening of Thai Baht against the Singapore Dollar, unrealised exchange loss due mainly to the weakening of the Malaysian Ringgit and New Zealand Dollar against the Singapore Dollar, impairment loss on loans receivable from associates, higher fair value loss recorded for TEE Building, additional buyer's stamp duty paid for the unsold unit of Harvey Avenue and option fee forfeited for the aborted purchase of land at Teck Guan Ville. The deemed costs of investment in associates are for issuance of corporate guarantees for associates' bank loans required to be recorded according to the accounting standards. The deemed costs of investment are not expected to be recoverable and hence, they are impaired. The other operating expenses for FY2019 also included fair value loss of S$0.7 million for Workotel based on indicative valuation, which may be changed when the valuation is finalised.

The Group recorded a loss of S$0.8 million from share of results of associates for FY2019 compared to a profit of S$2.8 million in FY2018. This was due mainly to the share of results from Chewathai prior to its disposal approved by shareholders on 24 January 2018, and reversal of over accrual of project costs for two joint venture projects in FY2018. As all the joint venture projects have been completed while those with unsold units experienced slow sales, FY2019 registered a loss.

As a result, the Group recorded a loss before tax of S$26.2 million in FY2019 compared to a loss before tax of S$9.4 million in FY2018. The result for FY2019 was affected by a number of factors, including changes in revenue, cost and interest expense recognition resulting from adoption of new/clarification of existing accounting standards, one-off costs and non-cash items as follows:

Description	S$'000
(i) Adoption of new/clarification of existing accounting standards	
Revenue recognition	2,469
Cost of sales recognition	398
Interest expense	3,168
	6,035
(ii) One-off costs	
Rental guarantee for shop units of the Malaysian project	1,957
Compensation due to extension of time for the handover of residential units in Malaysia	844
Sale of completed properties below carrying value	1,314
Variation orders for the Malaysian project	2,503
Realised foreign currency exchange loss	301
Additional buyer's stamp duty for Harvey Avenue	728
Forfeiture of option fee for aborted purchase of Teck Guan Ville	420
	8,067
(iii) Non-cash items	
Unrealised foreign currency exchange loss	725
Remeasurement adjustment and depreciation of Australia hotel due to reclassification	4,736
Impairment of investment in associates - deemed cost of investment for issuance of financial guarantees	3,600
Changes in fair value for investment properties	2,191
Impairment of loans receivable from associates	665
Write down in value of completed properties held for sale	542
	12,459
Total adverse impact on income statement of FY2019	**26,561**

Without the impact from adoption of new/clarification of existing accounting standards, one-off costs and non-cash items, the Group would have recorded a profit before tax of S$0.4 million.

Income tax expense for FY2019 was a recognition of deferred tax asset due to the loss recorded, offset to some extent by adjustment of prior year's deferred tax asset.

Overall, the Group registered a loss after tax of S$25.8 million in FY2019 compared to a loss after tax of S$9.0 million in FY2018.

FINANCIAL POSITION

Cash and bank balances decreased by S$4.0 million due mainly to payment of payables and repayment of bank loan and long-term borrowings. A more detailed commentary on the decrease in cash and bank balances is described in the commentary on Statement of Cash Flows.

Trade receivables increased by S$9.4 million due mainly to billings for sale of completed units for Third Avenue and progress billings for 24One Residences.

Other receivables decreased by S$9.8 million due mainly to receipt of the remaining proceeds from the disposal of Chewathai, the former associate in Thailand.

Loans receivable from associates decreased by S$3.6 million due mainly to repayments received and impairment loss.

Contract assets, being revenue recognised but unbilled, decreased by S$6.5 million due mainly to billing of unbilled revenue for Third Avenue, offset to some extent by revenue recognised for 183 Longhaus, Rezi 35 and 24One Residences but yet unbilled.

Development properties decreased by S$21.8 million due mainly to the reclassification of the office tower of Third Avenue to completed properties as the office tower has been completed.

Completed properties and land held for sale decreased by S$5.3 million mainly because of sale of units in the projects, The Peak @ Cairnhill I and Third Avenue, offset to some extent by the reclassification of the Third Avenue office tower from development properties.

Non-current asset held for sale, being Larmont Hotel in Australia, has been reclassified to properties, plant and equipment.

Investment in associates decreased by S$6.5 million due mainly to dividends received from associates, impairment of deemed costs of investment for issuance of corporate guarantee for bank loans and share of loss of associates in FY2019.

The increase in property, plant and equipment of S$39.9 million was due mainly to reclassification of Larmont Hotel from non-current asset held for sale, offset to some extent by depreciation charge and currency realignment as the Australian Dollar depreciated against the Singapore Dollar.

The decrease in deferred tax assets was due mainly to adjustment of prior year's deferred tax asset, offset to some extent by the recognition of deferred tax assets for FY2019.

Bank loans decreased by S$4.5 million due mainly to repayment of a revolving credit facility.

Trade payables decreased by S$13.9 million due to net payment made to trade creditors.

Other payables decreased by S$4.5 million due mainly to decrease in advances from customers as the buyers of The Peak completed the sales under deferred payment scheme, payment of accrued dividends and decrease in advances from associates, offset to some extent by higher accruals.

Contract liabilities increased by S$0.9 million due mainly to RG and compensation payable for extended delivery relating to the Third Avenue project, offset to some extent by decrease in deposits from customers.

Deferred tax liabilities decreased by S$0.6 million due mainly to adjustment of prior year's provision.

Loans from non-controlling interests increased by S$1.6 million due to capital calls for the Gilstead joint venture project.

STATEMENT OF CASH FLOWS

Operating activities
The Group generated cash of S$10.2 million in operating activities in FY2019 due mainly to the net decrease in completed and development properties, and receivables including contract assets, which was offset to some extent by the decrease in payables including contract liabilities.

Investing activities
Net cash of S$7.1 million was generated from investing activities in FY2019 due mainly to the net repayment of loans receivable from associates, dividends received from associates, loans (capital calls) from non-controlling interests and interest received.

Financing activities
Net cash of S$21.4 million was used in financing activities in FY2019 due mainly to the net repayment of long-term borrowings and bank loan, and payment of interests and dividends.

As a result, there was a net decrease in cash and cash equivalents of S$4.1 million, thereby bringing the total cash and cash equivalents amount to S$25.0 million as at 31 May 2019.

BOARD OF DIRECTORS

1 ER. DR. LEE BEE WAH

Non-Executive Chairman and Independent Director

Er. Dr. Lee is a Licensed Professional Engineer who made history at the Institution of Engineers Singapore ("IES") by becoming its first woman President in 2008. She is also the first Singaporean to be awarded Honorary Fellow of the Institution of Structural Engineers in the United Kingdom.

She is an Honorary Fellow Member of IES and a Board Member of the Professional Engineers Board, Singapore from 1999 to 2000 and 2006 to 2017. She holds a Master of Science (Engineering) from the University of Liverpool, UK and a Bachelor of Civil Engineering from Nanyang Technological University. She was conferred Honorary Doctorate by The University of Liverpool in July 2011.

Er. Dr. Lee is currently the Group Director of Meinhardt (Singapore) Pte. Ltd., a leading global engineering, planning and management consultancy firm headquartered in Singapore. Prior to this, she was the Principal Partner of LBW Consultants LLP, before the acquisition by Meinhardt Group.

She was appointed as an Independent Director of Koh Brothers Group Limited on 1 July 2015. Er. Dr. Lee is an elected Member of Parliament ("MP") since 2006 and is currently an MP for Nee Soon GRC. As an MP, she has brought up many issues in Parliament to improve the standing of the engineering profession in Singapore. These range from the salaries of engineers to the implementation of green engineering in building structures.

Er. Dr. Lee was President of the Singapore Table Tennis Association ("STTA") from 2008 to 2014. During her tenure, STTA has put Singapore on the global sporting map, winning regional and international awards, including medals in the 2008 Beijing Summer Olympics and in the 2012 London Olympics. She is currently Adviser to STTA and Singapore Swimming Association since 2014.

2 MR. PHUA CHER CHEW

Executive Director & Chief Executive Officer

Mr. Phua was appointed to the Board of TEE Land on 18 December 2012 as Executive Director and Chief Executive Officer. He joined TEE International's real estate division in July 2007 and has held the positions of general manager, executive director and managing director for real estate. Throughout his tenure, he has been instrumental in TEE Group's rapid growth, leading to the expansion of its business and operations. Prior to his appointment in TEE, he has worked in Trans Equatorial Engineering Pte Ltd (a wholly-owned subsidiary of TEE Group) holding the positions of general manager of business development and business development manager. He has also served as a Non-Executive Director of Chewathai Public Company Limited, an associated company of TEE Land listed on the Market for Alternative Investments of the Stock Exchange of Thailand, which was fully disposed in July 2018.

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

At the grassroots level, Mr. Phua has been involved actively, participating in the coordination of activities and serving as Chairman and assistant secretary of Nee Soon Central Zone 4 Resident's Committee from April 2003 to 2007. Since July 2011, he has been a member of Nee Soon Central Citizen's Consultative Committee. Mr. Phua is a member of the Singapore Institute of Directors.

3 DR. TAN KHEE GIAP

Independent Director

Dr. Tan Khee Giap is an Associate Professor and Co- Director of the Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore. Currently, he is also serving on the board of several listed companies and has been the chairman of Singapore National Committee for Pacific Economic Cooperation since 2008. He has also served as a consultant to international agencies and multinational corporations.

Dr. Tan started his career in the banking sector as a treasury manager and served as secretary to the Assets and Liabilities Committee of Overseas Chinese Banking Corporation for three years. He then moved on to teaching at the Department of Economics and Statistics, National University of Singapore before joining Nanyang Technological University in 1993, where he was Associate Dean of Graduate Studies Office from January 2007 to October 2009.

Dr. Tan holds a PhD in Economics from the University of East Anglia, United Kingdom.

4 MR. CHIN SEK PENG

Independent Director

Mr. Chin is the Managing Partner responsible for managing and running the assurance, advisory, consulting and related professional services of PKF-CAP LLP and its related entities. PKF-CAP LLP is a firm of chartered accountants in Singapore. He is also a Broad member of PKF International, Asia Pacific Region.

Mr. Chin started his accountancy and audit training in Casson Beckman, a medium sized firm of chartered accountants in London. After qualifying as a chartered accountant, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994. In 1994, he joined the Institute of Singapore Chartered Accountants ("ISCA") as the first Practice Review Director, heading, running and regulating the compliance of work standards of all audit practices in Singapore.

In 1999, Mr. Chin joined legacy Arthur Andersen as a partner in its Assurance and Business Advisory Division and in 2002, he left the firm to set up his own audit and consultancy practices together with another partner. He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a Fellow (Practising) Chartered Accountant of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales.

Mr. Chin also serves as Independent Director mainly in the capacity as Audit Committee Chairman to three other public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors of Singapore. He was a council member of ISCA and the Chairman of the Public Accounting Practice Committee of ISCA until April 2018. He continues to be the Senior QA Advisor for the Quality Assurance Review Programme of ISCA and the Singapore Institute of Directors.

BOARD OF DIRECTORS

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DATO PADUKA TIMOTHY ONG TECK MONG

Non-Executive Director

Dato Timothy Ong is the Chairman of Asia Inc Forum, a regional platform for policy and business dialogue. He sits on a number of Brunei and regional boards including Baiduri Bank Group, Hotel Associates Sdn Bhd, National Insurance Bhd, YOMA Strategic Holdings and the Asian Advisory Board of Prudential Financial. He is a Governor of the Asian Institute of Management and a Trustee of the Ramon Magsaysay Awards foundation.

Dato Ong was Chair of the Brunei Economic Development Board from 2005 to 2010 and the APEC Business Advisory Council in 2000. He was chairman of the 23rd ASEAN-Japan Business Meeting and represented Brunei in the APEC Eminent Persons Group from 1993 to 1995.

He is the recipient of various state honours, including the Most Honorable Order of Seri Paduka Mahkota Brunei (DPMB) (Second Class) by His Majesty, the Sultan of Brunei, which confers the title 'Dato Paduka' and the Grand Cross of the Order of Bernardo O'Higgins (highest civilian award) by the President of Chile for his contribution to regional economic cooperation.

Dato Ong holds a Bachelor of Arts (Honours) degree in Economics and Political Science from the Australian National University and a Master of Science (with Distinction) degree in International Relations from the London School of Economics.

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MR. NEO WENG MENG, EDWIN

Non-Executive Director

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

In his role as the Head of Infrastructure, he is responsible for driving TEE Infrastructure to expand into new regions and markets as well as scaling up the existing infrastructure investments. Under his leadership, TEE Infrastructure has secured new strategic investors and diversified to be one of the leading waste management players in Singapore. In addition, Mr. Neo is a Company Director of various subsidiaries and an associated company of TEE International Limited.

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

Mr. Neo graduated Summa cum Laude from Stanford University, USA with a double degree in Electrical Engineering and Economics.

KEY EXECUTIVES

MR. NG TAH WEE, DAVID
Financial Controller and Company Secretary

Mr. Ng Tah Wee, David is our Financial Controller and Company Secretary responsible for the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST, overall financial and accounting management, and the corporate secretarial function of the Group.

Prior to joining our Group, he was the financial controller of China Bearing Ltd from November 2009 to March 2013. From April 2004 to October 2009, he was the chief financial officer of China Auto Electronics Group Ltd. Both China Bearing Ltd and China Auto Electronics Group Ltd were SGX-ST Main Board companies during those respective dates. He was with Ho Bee Group for the period December 1993 to March 2004, serving in one of its subsidiaries, HBM Print Ltd, as finance and administrative manager from December 1993 to March 1997 and financial controller from April 1997 to March 2000. He served in another of Ho Bee Group's subsidiaries, Ho Bee Print Pte. Ltd., as financial controller from April 2000 to June 2001 and general manager (operations) from July 2001 to March 2004. He has over 30 years of experience in audit and accounting work.

Mr. Ng graduated with a Bachelor of Accountancy degree from the National University of Singapore. He is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

MR. WONG CHEE MENG, RAYMOND
Project Director

Mr. Wong Chee Meng, Raymond is our Project Director and is responsible for overseeing the property development and management matters of the Group. He has more than 40 years of experience in real estate project and construction management. In the course of his work, he had been involved with managing both local and overseas projects in the USA, China, Hong Kong, Indonesia and Malaysia.

Prior to joining the Group, he was the Assistant Director of Arcadis Project Management Pte Ltd from May 2014 to October 2016. From September 1988 to December 2013, he was with Wing Tai Property Management Pte Ltd. He was the Assistant General Manager (Projects) from 2007. Mr. Wong first joined Wing Tai as a Senior Project Officer in 1988, and had since held the position of Assistant Project Manager in 1994, Project Manager in 1995, and Senior Project Manager in 1999. He had helped to set up the Project Department in the Malaysia Division (Southern) in year 2005.

Mr. Wong graduated with a Bachelor in Construction Economics (with Distinction) from the Royal Melbourne Institute of Technology, Australia, as well as a Technician Diploma in Building from the Singapore Polytechnic.

He is a Member of the Society of Project Managers, and a Member of the Singapore Institute of Building Ltd. He was also a Member of the "REDAS Design and Build Conditions of Contract" First Edition 2001, and a Member of the "Home Buyer's Guide for Building Quality 2001" published by the Consumer's Association of Singapore.

MR. LAWRENCE TOH LENG POH
Financial Controller (Commercial)

Mr. Lawrence Toh joined the Group in January 2017. He is responsible for overseeing the performance of the Group's overseas investments and assists the CEO in various aspects of operations, including the evaluation and developments of new investments, corporate finance and sustainability reporting.

Mr. Toh brings with him more than 15 years of experience in financial management and reporting, audit and operations. Prior to joining the Group, Mr. Toh has held key positions in SGX-ST Mainboard listed companies that are in the business of manufacturing, real estate investments, construction and recycling, as well as in KPMG LLP.

He is a fellow member of the Association of Chartered Certified Accountants, member of the Institute of Singapore Chartered Accountants and member of the Institute of Internal Auditors. He is also a director to several subsidiaries of the Group.

INVESTOR RELATIONS

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

INVESTOR RELATIONS POLICY

TEE Land is committed to delivering timely, transparent, and consistent disclosures to all stakeholders - amongst others, its shareholders, the financial community, the media and the public. The IR function falls under the office of the Chief Executive Officer and is helmed by the IR and Communications department of our parent company, TEE International Limited.

Our IR policy ensures non-discriminatory and open communications with all our stakeholders. We ensure that relevant and material information are disclosed in a clear, concise and consistent manner, complying with the listing manual of the Singapore Exchange Limited Securities Trading Limited ("SGX-ST"), and the Securities and Futures Act.

In addition, we have an impartial and structured practice of disclosing information on matters that may influence share price movement to shareholders, members of the financial community, media and the public simultaneously.

Maintaining our commitment to a high standard of corporate disclosure, we provide regular updates on our financial performance and other relevant information through SGX-ST's SGXNet broadcast network and on TEE Land's corporate website at **http://www.teeland.com.sg**.

ENGAGING STAKEHOLDERS

TEE Land engages financial analysts, existing and potential investors, shareholders and the media on a regular basis through multiple channels, including one-to-one meetings, conference calls, group briefings and investor roadshows. Key Executives are present at such engagements to provide insights on TEE Land's financial performance and elaborate on our strategies and outlook. The Annual General Meeting ("AGM") is an avenue for us to reach out to our shareholders. It is the main platform for the Board of Directors and Key Executives to address shareholders' questions about the Group.

Our Board of Directors, Key Executives and the external auditors are present at the AGM to clarify any shareholders' concerns pertaining to the Group's performance for the year, as well as to keep them informed about recent developments and projects.

In the event of any pressing enquiries from any stakeholders, our investor relations personnel are readily contactable through the main office line or via email.

DIVIDEND POLICY

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

IR CALENDAR

2019

JAN	Announcement of FY2019 Half-Year Results
APR	Announcement of FY2019 Third Quarter Results
MAY	Financial Year End
JUL	Announcement of FY2019 Full-Year Results
SEP	7th Annual General Meeting
OCT	Announcement of FY2020 First Quarter Results

2020

JAN	Announcement of FY2020 Half-Year Results
APR	Announcement of FY2020 Third Quarter Results
MAY	Financial Year End
JUL	Announcement of FY2020 Full-Year Results
SEP	8th Annual General Meeting
OCT	Announcement of FY2021 First Quarter Results

INVESTORS, SHAREHOLDERS AND MEDIA CONTACT
TEE LAND LIMITED
Tel: (65) 6899 1428
Email: ir@teeland.com.sg

Ms. Celine Ooi
Senior Manager, Investor Relations & Communications
TEE International Limited
Tel: (65) 6697 6589
Email: ir@teeintl.com

SUSTAINABILITY REPORT

BOARD STATEMENT

As an established property developer with a strong track record of delivering quality and well-designed living and working spaces, TEE Land Limited (the "Company" or "TEE Land") is committed to maintaining a high standard of a sustainability management system governed by robust internal controls and risk management practices. TEE Land remains fully committed to embed sustainability in its business activities.

In 2018, we conducted our first materiality analysis and published our inaugural sustainability report. Our dedicated Sustainability Committee, which was formed in 2018, continues to engage our various stakeholders to assess and review the impact of the relevant Environment, Social and Governance ("ESG") topics on our day-to-day business operations.

The Board maintained oversight of the Sustainability Committee as well as review and approval of all ESG topics as finalised in this 2019 Sustainability Report.

REPORTING PRACTICE AND BOUNDARY

This is TEE Land's second sustainability report covering its performance and practices for the financial year from 1 June 2018 to 31 May 2019 ("FY2019"). The report focuses on TEE Land's completed and ongoing real estate projects covering its Singapore and Malaysia operations for developments which are wholly or majority-owned projects, and those developments managed by TEE Land until they are granted the temporary occupation permit ("TOP").

The developments under construction included in this report are 24One Residences, 183 Longhaus and Rezi 35 located in Singapore and Third Avenue located in Malaysia.

TEE Land is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). This report makes references to TEE Land's parent company, TEE International Limited which is also listed on the SGX-ST and publishes a separate sustainability report.

TEE Land's sustainability report has been prepared with reference to the GRI standards and will continue to be published on an annual basis. This report can be found online at www.teeland.com.sg.

We welcome feedback and comments to this sustainability report at ir@teeland.com.sg.

OUR STAKEHOLDERS

TEE Land places a strong focus on meeting and exceeding expectations of its key stakeholder groups. Engaging and addressing the concerns of stakeholders enable us to strive for continual success in value creation for all stakeholders.

We have adopted a consistent and balanced process for the identification of key stakeholders who are material to our operations, businesses and management. The impact and nature of key stakeholder groups are evaluated using assessment parameters involving quantitative and qualitative matrices. The management has established multiple channels to engage and interact with key stakeholders on an ongoing basis, as well as provide timely and appropriate responses to address their inquiries and concerns.

As the Group continues to expand its operations, we are committed to reviewing the relevance and significance of key stakeholders on at least an annual basis, and including stakeholders who subsequently become material to TEE Land.

Key Stakeholders	Significance to the Group	Engagement Channels	Key Topics of Interest
SHAREHOLDERS	Our shareholders are our utmost supporters as we continue to grow the Group. We fully understand the need to address their concerns, as well as share timely and accurate information about the Group with our shareholders to enable a transparent assessment of the Group's financial performance and state of affairs.	• General Meetings • Annual Report • Announcements via SGXNET • Investor Relations • Company website • Media releases	• Group performance • Business strategies and developments • Project execution and updates • Funding requirements • Regulatory compliance • Risk management • Anti-corruption and bribery • Operational effectiveness and efficiency

SUSTAINABILITY REPORT

Key Stakeholders	Significance to the Group	Engagement Channels	Key Topics of Interest
EMPLOYEES	Our people are one of our most valuable assets. The well-being and capabilities of our employees ensure their continual contributions to the success in all aspects of our businesses.	• Sharing sessions and dialogues • Management feedback sessions • Regular meetings and discussions	• Benefits and remuneration • Employee well-being and welfare • Training and development • Career progression
AUTHORITIES AND REGULATORS	Being a Mainboard listed company on the SGX-ST, we are required to comply with the requirements of the listing rules of SGX-ST as well as the Securities and Futures Act.	• Announcements via SGXNET • Attending seminars and trainings conducted by regulatory bodies and professionals • Newsletter updates • Direct engagement with authorities • Annual Report • Sustainability Report	• Compliance with laws and regulations • Anti-corruption and bribery
CONTRACTORS / SUPPLIERS	In line with our goal of delivering quality products and services to our customers, we work with reliable contractors with good track records to ensure our projects are developed in a timely manner without compromising on quality that meets the mandated building requirements.	• Regular sessions to engage contractors and consultants • Project meetings	• Performance of projects • Payment matters
CUSTOMERS	At TEE Land, we believe in providing quality and well-designed products for our customers. Our customers' experiences and satisfaction levels are part of our key priorities towards a sustainable business.	• Face-to-face meetings • Sales launches • Feedback sessions with appointed sales agencies	• Quality of projects and services • Product responsibility

MATERIALITY ANALYSIS AND APPROACH TO SUSTAINABILITY

At TEE Land, sustainability is an important pillar in its business strategy. We implement robust internal controls and risk management practices across our value chain to guide us in improving our sustainability practices while strengthening our long-term growth. Although our efforts are influenced by project complexity, we are committed to enhancing the positive effects of our projects and avoiding or mitigating the negative ones. Due to the nature of the construction business which typically is labour intensive and has a large environmental footprint, we have placed a strong focus in integrating strong health and safety standards as well as on environmental protection.

The material topics were reviewed in FY2019 based on internal stakeholder meetings and discussions with various TEE Land functions, and a workshop with TEE Land Management. TEE Land's sustainability agenda is divided into three main sustainability focus areas: Our Business, Our Environment and Our People, with relevant material topics identified under each of the focus areas. Where GRI Standards can be used for reporting its performance on the material topics, these have also been included. Goal-setting is an on-going process, and will continue during 2019.

Sustainability Focus Areas	Material Topics	Relevant GRI Standard reported
Our Business	Economic Performance	GRI 201-1
	Procurement Practices	GRI 204-1
	Anti-Corruption	GRI 205-1
	Customer Health & Safety	GRI 416-2
Our Environment	Energy	GRI 302-1
	Water	GRI 303-1
	Effluents & Waste	GRI 306-2
	Environment Compliance	GRI 307-1
Our People	Employment	GRI 401-1
	Diversity & Equal Opportunity	GRI 405-1
	Training & Education	GRI 404-1
	Occupational Health & Safety	GRI 403-2

OUR SUSTAINABILITY FOCUS AREAS

OUR BUSINESS

Economic Performance

GRI 201-1

Our Approach

As an established property developer, our vision is to develop quality and well-designed living and working spaces that harmonises societies, businesses and people. We lay the foundations for long-term growth by building a cohesive work environment upholding fair employment practices, continual development programme and adopting best practices to boost employee productivity and well-being, thus impacting on the Group's financial bottom line. We believe that high standards of business ethics and good governance are vital in driving long-term sustainable growth. TEE Land is committed to strengthen its continuing growth and expansion by adopting a business model which generates good economic on return value, investing in its human capital and contributing positively back to the communities. In FY2019, we have generated an economic value of S$103,826,000 and distributed S$118,928,000 in the form of operating costs, employee wages and benefits, payments to providers of capital, taxes and community investments.

Our Performance

	FY2019 (S$'000)	FY2018 (S$'000)
Direct Economic Value Generated (a)	**103,286**	**133,920**
Revenue (excluding rental)	98,118	106,679
Sale of Assets (physical assets and investments)	286	13,948
Revenue from Financial Investments (interest income, dividend and rental)	4,882	13,293
Economic Value Distributed (b)	**118,928**	**117,378**
Operating Costs (excluding employee wages and benefits)	105,175	100,883
Employee Wages and Benefits	4,405	5,079
Payments to Providers of Capital (dividend to shareholders and interest expense)	8,707	8,502
Payment to Government (current corporate tax, withholding tax and property tax)	636	2,913
Community Investments (contribution to charities)	5	1
Economic Value Retained (a)-(b)	**(15,642)**	**16,542**

Procurement

GRI 204-1

Our Approach

Our relationship with contractors and third-party vendors is important to us. Our contractors play a big role in rolling out our development projects and we rely heavily on their competency and capability particularly in maintaining a high safety standard. Due to the labour intensive nature of our business, we are stringent in our selection process and only work with contractors with an excellent track record, which will include meeting obligatory health and safety regulations, our Group's policies as well as other governing safety standards. Our financial bottom line and reputation are heavily dependent on the quality of work they put in.

As local procurement can support local businesses both directly and through subcontracting opportunities, as well as create jobs for the local economy, where possible, we work with local contractors and vendors for our products and services.

Our Performance

Suppliers for TEE Land are made up of builders and service providers. 100% of our suppliers are locally sourced. The services we outsource include construction, architectural and planning consultancy, quantity surveyor services, structural engineering consultancy, mechanical and electrical consultancy, landscape consultancy, demolition works, resident engineer consultancy, building models, advertisement materials, animations and show flat production.

SUSTAINABILITY REPORT

Anti-Corruption
GRI 205-1

Our Approach
Good governance is an important foundation for our business to progress seamlessly. TEE Land conducts its business in a responsible and transparent manner while upholding high standards of corporate governance. We have established policies to uphold the highest standards of ethical business practices with a strong stance against corruption. Our Business Code of Conduct and Ethics addresses anti-corruption as one of its guidelines for all employees to adhere when conducting business dealings and extends to all third-party vendors such as contractors and other business partners. Our whistle blowing policy protects the interests of the Group by facilitating employees, vendors and all other stakeholders to report any suspected breach of conduct, corruption, conflict of interests, bribery or any other unethical practices that can jeopardize the Group's confidence and reputation. At TEE Land, all new employees undergo an awareness training on the Group's code of conduct and established policies. We routinely conduct training if any policies change to keep our employees aligned at all times.

Besides having in place our Business Code of Conduct and other polices, TEE Land has in place an Enterprise Risk Management Framework to address the increasing scale and complexity of the Group's operations. This framework is routinely reviewed to align to the changing operating environment and corporate governance requirements.

Our Performance
There have been no reported cases of corruption during the reporting period.

Customer Health & Safety
GRI 416-2

Our Approach
We are committed to developing properties that embody high standards of quality, functionality and workmanship. Our customers' safety, security and overall well-being are paramount to the Group's success. Our contractors comply with regulations legislated under the URA and BCA. We endeavour to deliver products that meet or even exceed customers' expectations. Materials purchased go through a rigorous procurement process to ensure they are of premium quality, meet the required safety requirements and are befitting of the design and theme. We engage qualified architects, engineers and consultants to incorporate efficient and eco-friendly features, thus enhancing the well-being of customers and operational efficiency of projects.

Our Performance
We have not received any incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services in FY2019 and will continue to work closely with our contractors to maintain zero cases of non-compliance.

OUR ENVIRONMENT

Energy
GRI 302-1

Our Approach
Protecting our environment is an integral factor at TEE Land. We recognise the impact our business activities can have on the environment and strive to preserve the surrounding eco-systems. TEE Land integrates best environmental practices to ensure that its business is conducted with compliance to environmental regulations, other governing environmental standards and its own environmental practices.

In our commitment to improve environmental footprint, we implement practices to conserve energy consumption and reduce environmental impact on the eco-systems. Our offices have been designed to incorporate energy efficiency practices and energy saving initiatives such as solar panels, LED lights with motion sensors, controlled central air-con and/or maximum natural light and ventilation. The project management team responsible for building developments integrates energy saving practices throughout all stages of the project construction from the time of project development to delivery. For all our Singapore development projects, we aim to have them BCA green mark certified while the office block of the Third Avenue in Malaysia has been awarded the provisional Green Building Index certification administered by the Green Building Index Certificate Panel.

We continuously monitor our environmental impacts and work towards making our development projects more energy efficient. Our conservation efforts and innovative energy-saving initiatives contribute to lower operating costs in the long term.

Our Performance

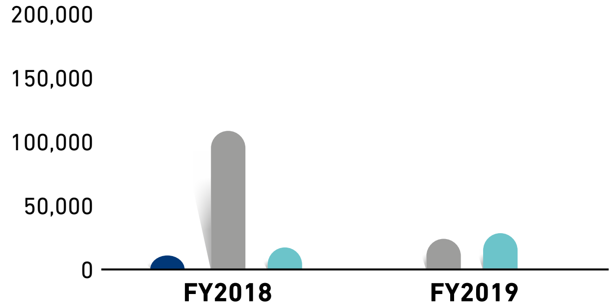
	Fuel Used (Diesel)				Electricity Consumption			
	FY2018		FY2019		FY2018		FY2019	
	Volume (L)	Energy (MJ)	Volume (L)	Energy (MJ)	Amount (kWh)	Energy (MJ)	Amount (kWh)	Energy (MJ)
Corporate Office	0	0	0	0	140,558	506,008	134,279	483,404
24One Residences	1,982	71,589	0	0	4,649	16,736	18,356	66,081
183 Longhaus	38,138	1,377,544	14,081	508,605	0	0	0	0
Rezi 35	9,100	328,692	14,845	536,201	0	0	0	0
Third Avenue, Malaysia	0	0	0	0	516,921	1,860,916	493,913	1,778,087

Total Energy Consumed (MJ)	FY2018	FY2019
Corporate Office	506,008	483,404
24One Residences	88,325	66,081
183 Longhaus	1,377,544*	508,605
Rezi 35	328,692	536,201
Third Avenue, Malaysia	1,860,916	1,778,087
Total	**4,161,485***	**3,372,378**

* The FY2018 data for 183 Longhaus has been restated, as well as the total energy consumption for FY2018.

Direct (Scope 1) and Indirect (Scope 2) GHG Emissions

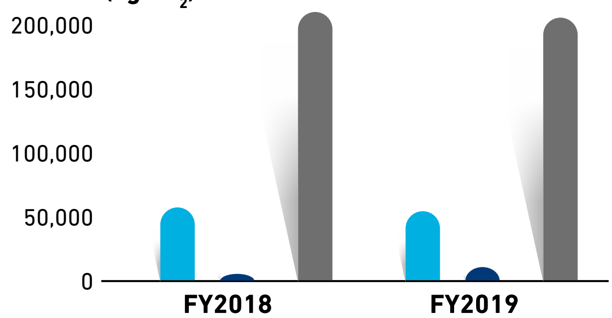
SCOPE 1 (kg CO_2)



SCOPE 1

	FY2018	FY2019
	0	0
	5,304	0
	0	0
	102,069	37,685
	24,354	39,730
Total	**131,727**	**77,415**

SCOPE 2 (kg CO_2)



SCOPE 2

	FY2018	FY2019
	58,922	56,290
	1,948	7,695
	216,693	207,048
	0	0
	0	0
Total	**277,563**	**271,033**

Corporate Office   24One Residences   Third Avenue, Malaysia   183 Longhaus   Rezi 35

Note: Emission factors are based on EMA Electricity Grid Emission Factor (2018) and Emission Factors for Cross Sector Tools, March 2017.

SUSTAINABILITY REPORT

Water

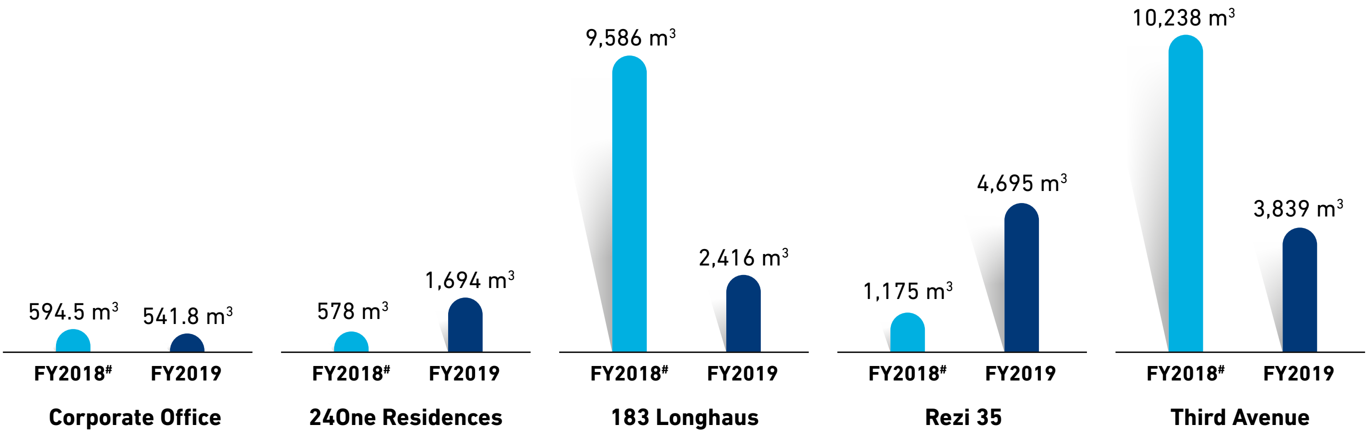
GRI 303-1

Our Approach

Water is a scarce resource and conserving water consumption is highly encouraged at TEE Land. We installed sensor taps and/or put up posters in our offices to promote conscientiousness in our employees on their daily water usage where they can practice in the offices as well as in their own homes. Posters are also put up at project sites to encourage our workers to adopt good water usage practices. Our project sites use a substantial amount of water and water use is unavoidable. We monitor water usage to understand our water usage patterns and explore methods for more efficient water usage. Water discharge at project sites are also closely reviewed to see how we can reduce usage and to reuse or recycle such water discharge.

Our Performance

Water Consumption



Water consumption values for FY2018 have been restated.

Effluents & Waste

GRI 306-2

Our Approach

As a developer, TEE Land is concerned with proper waste disposal particularly at our project sites. We are committed to ensure that waste is disposed of responsibly using disposal methods in compliance with environmental regulations and NEA procedures. Project managers at project sites supervise any waste disposal with the help of certified third-party experts. We have also placed recycling bins in our corporate office to collect non-hazardous materials to be recycled, while waste paper recycling bins are placed at every level and room of our offices.

Our Performance

We encourage our contractors to recycle construction wastes where possible or dispose them with proper segregation through the use of licensed waste collectors.

Environment Compliance

GRI 307-1

Our Approach

Environmental compliance is the pillar that supports adherence to environmental law, regulations and standards for our business operations. We impose the highest level of environmental standards throughout the business operations and ensure our contractors are ISO 14001 (Environmental Management System) certified and are compliant with the law and regulations. Site visits are routinely conducted to ensure our contractors are in compliance with environmental regulations. Currently, our contractors have in place an online noise monitoring system which is used to check and monitor noise levels. It is an ongoing process to review and improve on our environmental management system and practices.

Our Performance

Despite the stringent checks enforced on our development projects, we received a total of two significant fines^ during FY2019 totalling S$10,000 which came from NEA for mosquito breeding and working on a Sunday. We have since put in place the necessary measures to avoid working on Sundays and increased the frequency of checks on stagnant water at our project sites.

^ Significant fine refers to any fine that is S$5,000 and above.

OUR PEOPLE

Employment

GRI 401-1

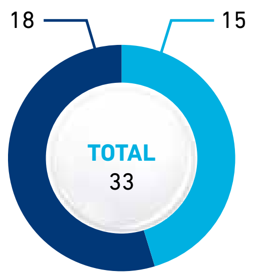
Our Approach

TEE Land values its employees. They are essential in maintaining continuous sustainable success for the Group. Thus, boosting employee morale is a key factor in employee retention. Keeping our employees engaged increases productivity level and in turn reduces turnover. TEE Land is built upon a cohesive and performance driven work environment and is committed to fair employment practices. TEE Land attracts and retains people with the right experiences and expertise, and only hire on the basis of merit. We believe in developing and empowering our employees, boosting their confidence and in turn positively impact on employee motivation and retention.

We emphasise on the wellbeing of our employees and encourage a healthy work-life balance. Open communication is encouraged between management and employees to understand and address any concerns. The Tripartite Alliance for Fair Employment Practices (TAFEP) guides us on our working relationship with our employees.

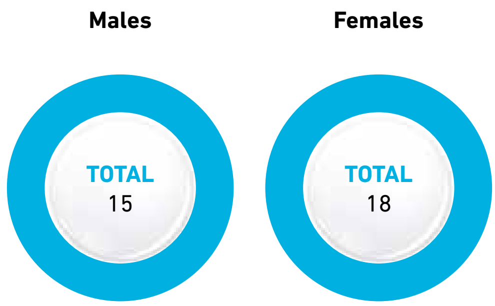
Our Performance

Total Employees by Gender



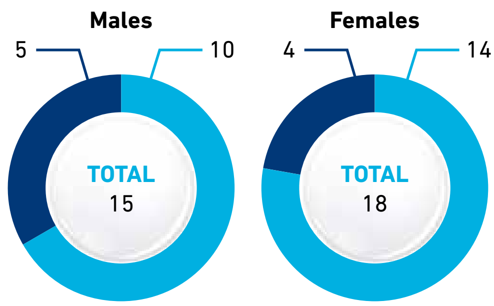
Males Females

Employment Type



Full-time Part-time

Employee Contract Type



Permanent contract Temporary contract

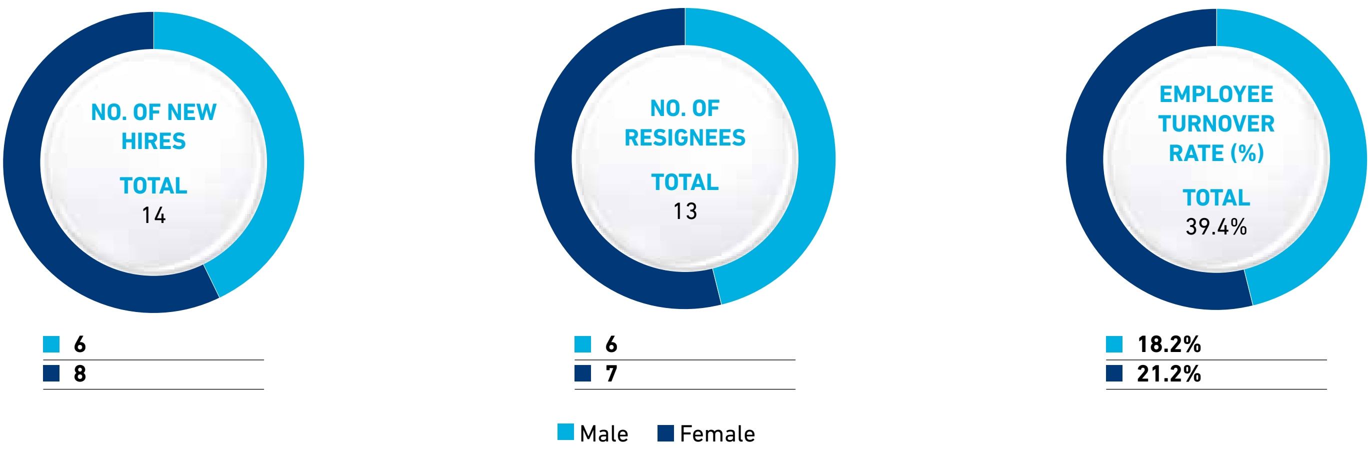
No. of New Hires, Resignees and Employee Turnover Rate, by Age Group

	No. of New Hires	No. of Resignees	Employee Turnover Rate (%)
Under 30 years old	6	4	12.1%
30 – 50 years old	7	8	24.2%
Over 50 years old	1	1	3.0%

Under 30 years old 30 – 50 years old Over 50 years old

SUSTAINABILITY REPORT

No. of New Hires, Resignees and Employee Turnover Rate, by Gender



Diversity & Equal Opportunity

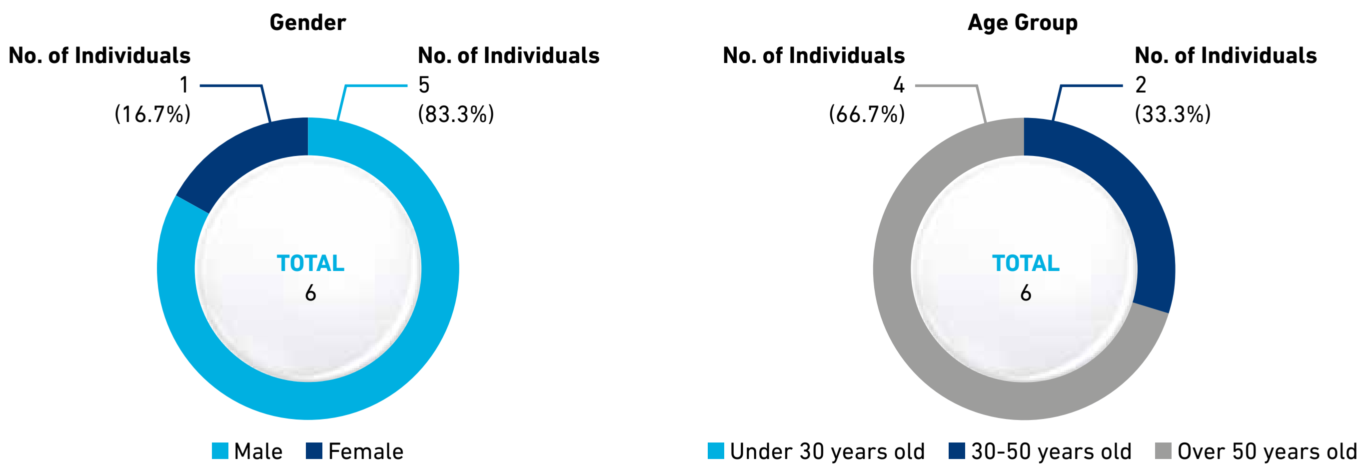
GRI 405-1

Our Approach

A diverse workplace supports an open environment, which drives innovation and cultural awareness. Diversity in skills set, age, nationality, culture, qualification and industry knowledge encourages an exchange of different ideas and perspectives, which guides the Company in complex decision making. TEE Land believes it is equally important to have a diverse management as it is for employees. We encourage an equal opportunity and inclusive work environment where we hire based on merit and objective factors. TEE Land attracts and retains people with the right experiences and expertise. We do not tolerate any form of discrimination based on colour, race, religion and any other characteristics. Employees perform at their fullest potential in a diverse environment where a shared vision and aspiration are shared together with them to grow together with the Group.

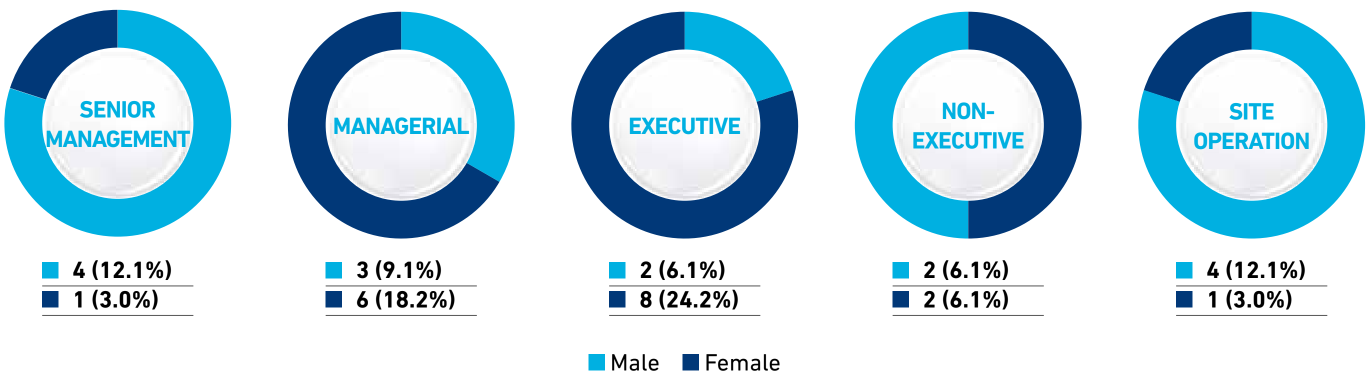
Our Performance

Governance Body – Board

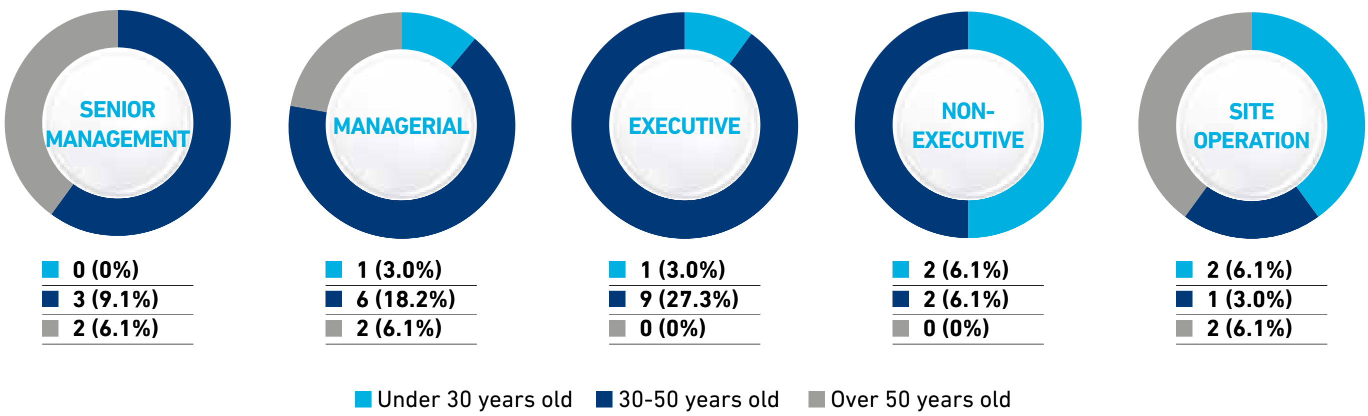


Employees

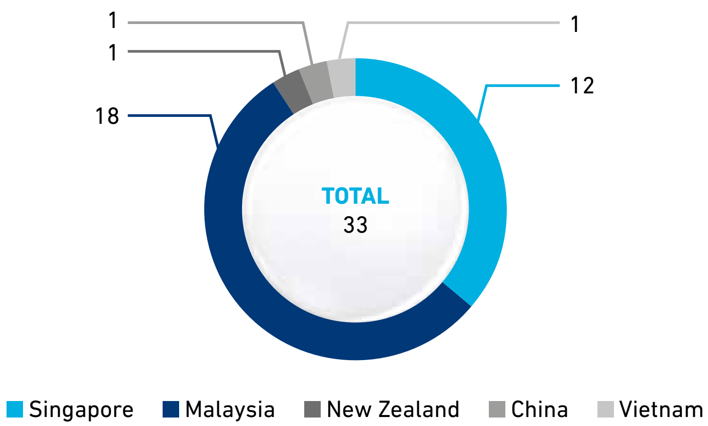
Employee Category by Gender



Employee Category, by Age Group



Workforce by Nationality



SUSTAINABILITY REPORT

Training & Education

GRI 404-1

Our Approach

Career and learning development are essential tools to increase efficient productivity levels of our employees. Providing opportunities for growth and learning will boost their morale, improve performance and in turn reduce turnover while supporting the Group's continuing growth. Continual employee development is key in aligning employees to be better equipped to contribute positively to the changing operating environment. On-going technical training is crucial for our workers at the project sites to ensure safe and compliant operations while keeping in check any operating technical changes and health and safety concerns. We evaluate employees' capability, competency and identify areas of improvement through open discussion helping to carve out a suitable career route for them while keeping in line with our corporate objectives.

Our Performance

Our employees have attended an average of 3.8 hours of training per person in FY2019. The training courses that senior management and managers have attended covered topics such as updates to tax, GST, FRS, property market developments, as well as the impact of technology on the real estate industry, and corporate governance code briefing. Our executives and non-executive employees have also attended training on safety and corporate secretarial skills.

To ensure our employees are equipped with the right skillsets and stay relevant to the demands of their roles, TEE Land will continue its series of training programme in FY2020 for its employees:

- Real estate market updates
- Accounting and tax updates
- Soft skills such as negotiation skills
- Project and contract administration

Total and Average No. of Training Hours, by Gender

	Total No. of training hours	Average No. of training hours
Male	40	2.7
Female	85	4.7

Total and Average No. of Training Hours, by Employment Category

	Total No. of training hours	Average No. of training hours
Senior Management	54	10.8
Management	28	3.1
Executive	17	1.7
Non-Executive	26	6.5

Occupational Health & Safety

GRI 403-2

Our Approach

TEE Land believes that a safe working environment for its employees and contractors is of the highest priority. We adhere strictly to health and safety requirements and instil a strong work safety culture throughout the Group and encourage commitment to good safety practices. Our contractors, who are OHSAS 18001 or ISO 45001 Occupational Health and Safety Management System certified, provide training in occupational health and safety to their workers at the construction sites. Policies and procedures are in place to help identify safety hazards and promote occupational safety measures at the construction sites. A strong safety working culture ensures uninterrupted operational activities boosting productivity levels and employee morale. We continue to maintain our highest standards of health and safety practices.

Our Performance

During FY2019, our contractors recorded a total of 10 reportable injuries at the construction projects. Hand and leg injuries are the most common injuries reported and we have since stepped up efforts to raise awareness on safe work procedures by our contractors. At the same time, we have also implemented actions such as:

- Supervisors to ensure workers wear the required personal protective equipment
- Implement safe work procedures for lifting
- More frequent housekeeping

OUR COMMUNITY

TEE Land prides itself in being a socially responsible Company. We strive to have a positive impact to the communities in which we operate in by cultivating a spirit of giving back to the society. We encourage our employees to get involve in volunteerism as part of our regular community engagement projects. TEE Land has contributed to several community programme and charity organisations including:

- **Lee Bee Wah Golf Tournament – July 2018**
  We contributed $5,000 to the Lee Bee Wah Cup fund-raising golf tournament which will go towards the Nee Soon South CC.

- **Villa Francis Home - Ongoing**
  We support the Villa Francis Home in several community programme such as organising durian feast for the folks, bringing them to River Safari, organising game carnival day at the Home and participating with the folks in the Catholic Welfare Services walkathon. TEE Land will continue to engage in community programme with Villa Francis Home.

Villa Francis Residents' Day Out to River Safari

NKF Flag Day

- **Singapore Children's Society**
  We participated in a fund-raising exercise for the beneficiaries of the Singapore Children's Society Care where the proceeds will be used for the welfare of children, youth and families under their care.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Er. Dr. Lee Bee Wah
Non-Executive Chairman and Independent Director
Mr. Phua Cher Chew
Executive Director and CEO
Dr. Tan Khee Giap
Independent Director
Mr. Chin Sek Peng
Independent Director
Dato Paduka Timothy Ong Teck Mong
Non-Executive Director
Mr. Neo Weng Meng, Edwin
Non-Executive Director

AUDIT COMMITTEE
Mr. Chin Sek Peng
Chairman
Er. Dr. Lee Bee Wah
Dr. Tan Khee Giap

NOMINATING COMMITTEE
Er. Dr. Lee Bee Wah
Chairman
Mr. Chin Sek Peng
Mr. Phua Cher Chew

REMUNERATION COMMITTEE
Dr. Tan Khee Giap
Chairman
Mr. Chin Sek Peng

STRATEGIC ADVISORY COMMITTEE
Mr. Phua Chian Kin
Chairman
Dr. Tan Khee Giap

COMPANY SECRETARIES
Mr. Ng Tah Wee, David
Ms. Yeo Ai Mei
Ms. Lai Foon Kuen, ACIS

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Audit Engagement Partner
Mr. Khor Boon Hong
(Appointed with effect from FY2019)

INVESTOR RELATIONS
Ms. Celine Ooi
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PRINCIPAL BANKERS/FINANCIAL INSTITUTIONS
Hong Leong Finance Limited
United Overseas Bank Limited
Australia and New Zealand Banking Group Limited

CORPORATE GOVERNANCE REPORT

Governance	Implemented and Presented in Annual Report
BOARD'S CONDUCT OF AFFAIRS	
Board size • Comprises six (6) members	Guideline 2.1
Board independence • Independent directors make up at least 50% of the Board • Description of determination of independence	Guidelines 2.2, 2.3
Board competencies • Directors have diverse backgrounds and qualifications	Guidelines 2.5, 2.6
Directorships or chairmanships held by the Company's directors in listed companies • List of past and present directorships	Guideline 4.2, 4.3
Role separation between Chairman & CEO • Chairman and CEO are two separate individuals	Guideline 3.1
Board/committee meetings and attendance during the year • Board met four (4) times • Nominating committee met once • Remuneration committee met once • Audit committee met four (4) times • Collated directors' attendance to meetings	Guideline 1.4
Nominating committee • Majority of members are independent	Guideline 4.1
Selection of directors • Stringent selection process in place	Guideline 4.6
Limit on number of directorships • Should not exceed six (6) public-listed companies	Guideline 4.4
Board and individual director appraisal • Formal process with specific criteria	Guidelines 5.1, 5.2, 5.3
Continuous training and development of directors • Updated regularly on accounting and regulatory changes • Given further appropriate training periodically	Guideline 1.6
Board's approval for matters including material transactions • Clear specification of matters to be approved by the Board	Guideline 1.5
Information to the Board • Sufficient lead time provided before meetings • Access to company secretary • Access to independent professional advice	Guidelines 6.1, 6.2, 6.3, 6.5
REMUNERATION MATTERS	
Remuneration committee • Comprises two (2) non-executive directors, both of them (including chairman) are independent	Guideline 7.1
Structure for non-executive director fee • Framework is clearly specified	Guideline 7.2
Remuneration structure of executive director and top 5 executives • Comprises fixed and variable components	Guideline 8.1, 8.4
Disclosure of remuneration of directors and top 5 executives • Disclosure in bands	Guidelines 9.2, 9.3
Disclosure of employee related to directors/CEO • No employee related to directors/CEO	Guideline 9.4

CORPORATE GOVERNANCE REPORT

Governance	Implemented and Presented in Annual Report
ACCOUNTABILITY AND AUDIT	
Audit committee • Comprises entirely independent directors	Guideline 12.1
Competencies of audit committee • AC members have relevant experience and expertise	Guideline 12.2, Directors' Profile
Risk management and internal controls • Enterprise Risk Management Framework in place • Considered adequate and effective	Guidelines 11.1, 11.2, 11.3
Internal audit function • Internal audit function is outsourced to Protiviti Pte Ltd • Internal audit works closely with external auditors • AC reviews effectiveness of internal audit function annually	Guidelines 13.1, 13.2, 13.3, 13.4, 13.5
Independence of external auditors • Considered independent • Breakdown of fees	Guideline 12.6
Compliance with legislative and regulatory requirements • Details on compliance practices	Guideline 10.2
Whistle-blow policy • Details of policy	Guideline 12.7
COMMUNICATION WITH SHAREHOLDERS	
Timely disclosure of financial results • Fair and timely disclosure through appropriate channels	Guideline 15.2
Corporate website & SGXNet • Investor relations policy • Distinctive link with information were on website • Easy access to material information	Guidelines 15.1, 15.2, Investor Relations
Briefings on results announcement • To shareholders, analysts and the media	Guidelines 15.3, 15.4
Soliciting and understanding views of shareholders • General meetings	Guideline 15.4
Shareholders participation • Voting at general meetings • Proxies	Guidelines 14.2, 14.3, 15.3, 16.1, 16.5
Dividend policy • No dividend policy	Guideline 15.5
ADDITIONAL GOVERNANCE PRACTICES	
Dealings in securities • Details on internal compliance code	Dealing in Securities
Interested person transactions • Details on internal policy	Interested Person Transactions
Material contracts • Details on material contracts	Material Contracts

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board of Directors (the "Board") and management of TEE Land Limited (the "Company" or "TEE Land") believe that ensuring business and performance sustainability, safeguarding shareholders' interests and maximising long-term shareholders' value entails a firm commitment to high standards of corporate governance.

TEE Land upholds the highest standards of corporate governance, business integrity and professionalism in all aspects of its business operations, reinforced by the adoption of a set of internal corporate governance guidelines based on the Code of Corporate Governance 2012 ("2012 Code"). Unless otherwise specifically explained, the Company is compliant with the principles and guidelines recommended in the 2012 Code.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 Code"), which will take effect for annual reports covering financial years commencing from 1 January 2019. The Group will review and implement measures to comply with the 2018 Code, where appropriate, for the Company's annual report for FY2020.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

Guideline 1.1: Board's Role

The Board's primary objectives are to ensure business and performance sustainability, maximise long-term shareholders' value, safeguard shareholders' interests and protect the Group's assets. In its leadership role to guide the Group, the Board's responsibilities apart from statutory responsibility include:

(1) Providing entrepreneurial leadership and setting strategic directions;

(2) Approving the Group's policies, strategies and financial plans;

(3) Ensuring adequate financial and human resources are in place for the Group to meet its objectives;

(4) Overseeing the Group's framework of risk management and internal controls, as well as corporate governance practices;

(5) Reviewing the Group's financial and management performance;

(6) Considering sustainability issues as part of the Group's strategic formulation;

(7) Identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation; and

(8) Setting the Group's core values and ethical standards.

Guideline 1.2: Objective Directors

Each director brings to the Board skills, experience, insights and sound judgement, alongside strategic networking relationships that would serve to further the interests of the Group. In order to perform the Board's role effectively, all directors are obliged to act in good faith and exercise independent judgement as fiduciaries in the best interests of the Group and shareholders.

Guideline 1.3: Delegation of Authority to Board Committees

Various Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Strategic Advisory Committee ("SAC"), have been constituted with clear terms of reference to assist the Board in executing its functions and responsibilities. To ensure good corporate governance, all Board Committees are regularly engaged in active communications with the Board. Internal guidelines on financial authority and approval guidelines for investments, divestments, loans and other capital investments have been established by the Group.

CORPORATE GOVERNANCE REPORT

The SAC comprises three members, namely Mr. Phua Chian Kin (Chairman), Mr. Lim Teck Chai, Danny (Member)^, and Dr. Tan Khee Giap (Member). The key roles of the SAC, which operates within the boundary of authority delegated by the Board, includes providing advisory support on the development of the Group's overall strategy, reviewing strategic issues, reviewing and approving feasibility studies for real estate acquisitions, strategic investments and divestments, as well as the awarding of contracts and procurement of services related to real estate developments, and approving material capital and operating expenditures.

^ Mr. Lim Teck Chai, Danny, resigned as a director of the Company on 23 August 2019.

Guideline 1.4: Board and Board Committee Meetings and Directors' Record of Attendance

To facilitate full attendance, all Board and Board Committee meetings and the Annual General Meeting ("AGM") are scheduled after consultation with the directors. The Board meets at least four times annually at regular intervals, apart from ad-hoc meetings that are convened when matters requiring the Board's attention arise. In accordance with the Company's Constitution, meetings could be held via tele-conference, video-conference and/or through the use of any other audio or similar communication means.

Four formal Board meetings and various Board Committee meetings were held during FY2019. The attendance of directors at the Board and Board Committee meetings, as well as the frequency of the meetings, are as follows:

Attendance records of meetings of the Board and Board Committees during FY2019:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee	Strategic Advisory Committee
Er. Dr. Lee Bee Wah	4 of 4	4 of 4	1 of 1	–	–
Dr. Tan Khee Giap	3 of 4	3 of 4	–	1 of 1	4 of 4
Mr. Chin Sek Peng	4 of 4	4 of 4	1 of 1	1 of 1	–
Mr. Lim Teck Chai, Danny [1]	4 of 4	4 of 4	–	–	4 of 4
Mr. Phua Cher Chew [2]	4 of 4	4 of 4	1 of 1	1 of 1	4 of 4
Dato Paduka Timothy Ong Teck Mong [3]	3 of 4	3 of 4	–	–	–
Mr. Neo Weng Meng, Edwin [4]	4 of 4	4 of 4	–	–	–
Mr. Phua Chian Kin [5]	3 of 4	–	–	–	4 of 4

1 Mr. Lim Teck Chai, Danny, was appointed a member of the RC on 11 January 2019. He resigned as a director of the Company on 23 August 2019.

2 Mr. Phua Cher Chew is not a member of the AC but was invited to attend AC meetings. He is also not a member of the RC but was invited to attend the RC meeting.

3 Dato Paduka Timothy Ong Teck Mong is not a member of the AC but was invited to attend AC meetings.

4 Mr. Neo Weng Meng, Edwin is not a member of the AC but was invited to attend AC meetings.

5 Mr. Phua Chian Kin is not a director of the Company. He was appointed as Chairman of the SAC with effect from 1 March 2016. He was invited to attend the Board meeting.

Guideline 1.5: Matters for Board Approval

The key roles of the Board and matters which require the Board's review and/or approval are, inter alia:

(1) The review, deliberation and approval of the Group's corporate strategies, annual budgets, major investments, divestments and funding proposals; and

(2) The review of the Group's financial performance, risk management and internal control processes and systems, human resource requirements and corporate governance practices.

The Board works closely with the management, which is responsible for the day-to-day operation and administration of the Group, and ensures adherence with the policies and strategies set by the Board.

CORPORATE GOVERNANCE REPORT

Guidelines 1.6 & 1.7: Director Orientation and Training

When appointing a new director, a formal letter of appointment will be issued setting out the director's duties and obligations. To facilitate an understanding on the Group's business activities, strategic directions and corporate governance policies and practices, appropriate orientation programme and briefings by the management will be given to any new director. For any first-time director who has no prior experience as a director of a listed company in Singapore, orientation programme would include mandatory training as prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual ("SGX-ST Listing Manual").

All directors are regularly updated on accounting and regulatory changes, and are given further appropriate training periodically. The directors attended training and update sessions at the Singapore Institute of Directors, recognised training institutions and in-house workshops organised by the Company. Types of courses or seminars attended during the year include those covering board strategy, regulatory updates, financial reporting standards as well as data analytics and AI, amongst others.

The Company will facilitate the arrangement and pay for the cost of training for directors.

Principle 2: Board Composition and Guidance

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

Guideline 2.1: Strong and Independent Board

It is imperative to have an effective Board in place performing its responsibilities while leading and controlling the business of the Group. Taking into account the various geographical locations where the Group is currently operating in, the Board firmly believes that it should comprise executive directors with in-depth knowledge of the business and relevant experience, as well as non-executive and/or independent directors who would provide a broader and independent perspective on the Group's activities.

There are six directors on the Board, of whom three are independent directors, two are non-executive directors and one is an executive director. Board independence remains in-line with the recommendation of the 2012 Code, which states that at least one-third of the Board should comprise independent directors. Independence has been determined by the NC based on the "independence" criteria set out in the 2012 Code.

The composition of the Board is as follows:

Er. Dr. Lee Bee Wah, Independent Director (Chairman)
Dr. Tan Khee Giap, Independent Director
Mr. Chin Sek Peng, Independent Director
Mr. Lim Teck Chai, Danny, Independent Director (Resigned as a director on 23 August 2019)
Mr. Phua Cher Chew, Executive Director
Dato Paduka Timothy Ong Teck Mong, Non-Executive Director
Mr. Neo Weng Meng, Edwin, Non-Executive Director

Aside from having independent directors constituting at least 50% of the Board leading the Group, the Board also recognises the importance of gender diversity. We have a female director, who is the Chairman of the Board, who enables the Board to make more objective decisions on corporate affairs through robust and balanced discussions.

Inclusively, independent directors and non-executive directors actively participate in constructive discussions with the management to develop strategic plans and conduct management performance and operational reviews.

Guideline 2.2: Independent Directors Composition

As stipulated in the 2012 Code, independent directors should comprise 50% of the Board in a case where the Chairman and Chief Executive Officer ("CEO") are the same person, the Chairman and CEO are immediate family members, the Chairman is part of the management team or the Chairman is not an independent director.

Er. Dr. Lee Bee Wah, Non-Executive Chairman, and Mr. Phua Cher Chew, Executive Director and CEO of TEE Land, are not related. In addition, the Chairman is an independent director who is not part of the management team.

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In view of the above, the Board has surpassed the independence requirements with independent directors making up at least 50% of the Board. With sufficient presence of independent directors, a lead independent director has not been appointed.

Guideline 2.3: Board Independence

A review of each director's independence is conducted annually by the NC in accordance with the 2012 Code's "independence" criteria. In determining independence, the NC takes into consideration whether a director has business relationships with the Company or any of its related companies, and if applicable, whether such relationships could interfere or be reasonably perceived to interfere, with the exercise of the director's independent judgement in acting in the best interests of the Group.

The NC noted that Rajah and Tann Singapore LLP, being a regional law firm in which Mr. Lim Teck Chai, Danny is an equity partner, was engaged to provide various legal services to the Group. The legal fees were charged at an arm's length basis. The aggregate sum of payments to Rajah and Tann Singapore LLP, based on the relevant shareholding proportion held by the Company in the respective subsidiaries, amounted to approximately S$26,000 for FY2019.

In view of the above, the NC is of the firm view that Mr. Lim Teck Chai, Danny, is deemed independent. Mr. Lim has abstained from attending meetings relating to, and voting on any board resolutions that relate to the selection and/or engagement of legal services by the Group where Rajah and Tann Singapore LLP has submitted a quotation for the project.

Guideline 2.4: Independence of Directors Who Have Served on the Board Beyond Nine Years

As none of the directors have served on the Board for more than nine years, the Board has determined that there is no requirement for progressive refreshing of the Board at the moment.

Guidelines 2.5 & 2.6: Board Competency

The NC reviews the size and composition of the Board, each Board Committee and the skills and core competencies of its Board members to ensure an appropriate balance and diversity of skills and experience, taking into consideration the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from the changes to composition of the Board and Board Committees. Core competencies that are taken into consideration include banking, finance, accounting, business and management experience, real estate related industry knowledge, familiarity with regulatory and compliance requirements and knowledge of risk management.

Collectively, the Board possesses professional expertise in the relevant fields such as real estate, engineering, finance, economics, and legal, which are necessary to perform their role as the Board.

Guidelines 2.7 & 2.8: Role of Non-Executive Directors and Regularity of Non-Executive Directors Meetings

The independent directors and non-executive directors are actively involved in the development of strategies and goals, and the assessment of management performance in meeting goals that have been agreed upon. With more than one-third of the Board comprising independent directors and non-executive directors, it ensures the objectivity of such strategic discussions through the provision of broad perspectives. Furthermore, they have meetings periodically without the presence of the management to enable more comprehensive checks on the effectiveness of the management.

Principle 3: Chairman and Chief Executive Officer

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

Guideline 3.1: Division of Chairman and CEO Roles

Er. Dr. Lee Bee Wah is the Non-Executive Chairman while Mr. Phua Cher Chew is the Executive Director and CEO of TEE Land. The roles of the Chairman and CEO are separate to ensure a clear distinction of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. Through a consensus of the Board, a division of responsibilities and functions between the two roles has been established. Additionally, the Chairman and the CEO are not related.

Guideline 3.2: Role of Chairman

As Chairman, Er. Dr. Lee Bee Wah takes on the responsibilities of leading the Board to ensure its effectiveness on all aspects of its role, overseeing the execution of the Board's decisions and strategic direction and ensuring high standards of corporate

CORPORATE GOVERNANCE REPORT

governance. She approves Board's meeting agenda and ensures that sufficient time is allocated for comprehensive discussion of each agenda item. To promote effective and meaningful contributions by the directors, she advocates an open environment for debate and free speech. She also regulates the quality and quantity of information, as well as the timeliness of information flow between the Board and the management. On a whole, she provides oversight, guidance and advice to the CEO and management.

Assisted by the management team, the CEO, Mr. Phua Cher Chew, makes strategic and key operational proposals to the Board and executes approved proposals after robust Board discussions. He is responsible for managing and developing the Group's businesses and overseeing the Group's day-to-day operations.

At Annual General Meetings ("AGMs") and other shareholders' meetings, the Chairman chairs the meetings while ensuring effective and constructive dialogue between shareholders, the Board and management.

Guidelines 3.3 & 3.4: Appointment of Lead Independent Director

The 2012 Code states that a company should appoint an independent director to be the lead independent director in a case where the Chairman and CEO are the same person, the Chairman and CEO are immediate family members, the Chairman is part of the management team or the Chairman is not an independent director. Since it has been established that the above does not apply to the Company, the Board has determined that there is no requirement to appoint a lead independent director.

BOARD COMMITTEES

Principle 4: Board Membership

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

Guideline 4.1: Nominating Committee

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

Independent Directors
Er. Dr. Lee Bee Wah (Chairman)
Mr. Chin Sek Peng (Member)

Executive Director
Mr. Phua Cher Chew (Member)

The majority of the NC members are independent from business and management relationships. Both the independent directors, including Er. Dr. Lee Bee Wah, the Chairman of the NC, are independent from a 10% shareholder of the Company.

Guidelines 4.2 & 4.3: Responsibilities of NC and Determining Directors' Independence

The NC's key responsibilities includes making recommendations to the Board on all Board appointments and reappointments while ensuring a formal and transparent process, assessing the effectiveness of the Board and Board Committees, affirming the independence of directors annually and reviewing the Board size and composition, amongst others.

The NC is guided by, *inter alia*, the following terms of reference:

(1) Recommend the appointment and re-appointment of directors;

(2) Review the Board's structure, size and composition on a regular basis and make recommendations to the Board on any adjustments that are deemed necessary;

(3) Perform an annual review on the independence of each director, and ensure that independent directors constitute at least one-third of the Board. In relation to the Board's independence, the NC would conduct a particularly rigorous review on the independence of any director who has served on the Board beyond nine years from the date of first appointment;

(4) Decide, when a director has other public-listed company board representations and/or principal commitments, whether the director is able to and has been adequately carrying out his or her duties as director of the Company. Guidelines will be adopted to address the competing time commitments that are faced when directors serve on multiple boards;

CORPORATE GOVERNANCE REPORT

(5) Recommend the performance evaluation process for the Board, Board Committees and individual directors, and propose objective performance criteria to assess their effectiveness;

(6) Perform an annual assessment of the effectiveness of the Board and Board Committees;

(7) Review the succession plans for the Board, in particular, the Chairman and the CEO;

(8) Review the training and professional development programme for Board members;

(9) Review and approve any employment of persons related to directors and substantial shareholders and the proposed terms of their employment; and

(10) Perform such other functions as the Board may determine.

At 31 May 2019, the key details of each director are as follows:

Name of Director	Appointment	Date of Initial Appointment	Date of last Appointment	Past & Present Directorships in the last Three (3) Years in Other Listed Companies
Er. Dr. Lee Bee Wah	Non-Executive Chairman and Independent Director	15 May 2013	29 September 2017	Present • Koh Brothers Group Limited
Dr. Tan Khee Giap	Independent Director	15 May 2013	25 September 2018	Present • Breadtalk Group Limited • Boustead Singapore Limited Past • Chengdu Rural Commercial Bank Co. Ltd. • Boustead Projects Limited • Artivision Technologies Limited • Forterra Real Estate Pte. Ltd. (Trustee-Manager for Forterra Trust)
Mr. Chin Sek Peng	Independent Director	15 May 2013	29 September 2017	Present • Sunpower Group Ltd • Cortina Holdings Limited • Sitra Holdings (International) Limited
Mr. Lim Teck Chai, Danny [1]	Independent Director	15 May 2013	25 September 2018	Present • UG Healthcare Corporation Limited • Kimly Limited • Stamford Land Corporation Ltd • Choo Chiang Holdings Ltd Past • China Star Food Group Limited • SinCap Group Limited
Mr. Phua Cher Chew	Executive Director	18 December 2012	29 September 2017	Present • Not applicable
Dato Paduka Timothy Ong Teck Mong	Non-Executive Director	15 May 2013	23 September 2016	Present • YOMA Strategic Holdings Ltd
Mr. Neo Weng Meng, Edwin	Non-Executive Director	16 January 2018	25 September 2018	Present • Not applicable

[1] Mr. Lim Teck Chai, Danny, resigned as a director of the Company on 23 August 2019.

CORPORATE GOVERNANCE REPORT

Upon review on the declarations by the four independent directors in accordance with the 2012 Code's "independence" criteria, the NC is of the opinion that all four independent directors are considered independent.

Guideline 4.4: Listed Company Board Representations and Other Principal Commitments

The maximum number of Board representations as determined by the NC and concurred by the Board for each director should not exceed six (6) public-listed companies. With increasing demands on a director's role, this limit has been imposed to ensure that each director allocates sufficient time and attention to perform his/her role adequately as a director of the Company. Any additional directorship beyond the recommended number shall be reviewed by the NC to determine if that director is able to and has been carrying out his/her duties adequately as a director of the Company. Based on the reviews by the NC, the Board is of the view that the Board and its Board Committees operate effectively, with each Director contributing to the overall effectiveness of the Board.

Guideline 4.5: Appointment of Alternate Directors

With reference to Guideline 4.5 of the 2012 Code, which recommends Boards to generally avoid approving the appointment of alternate directors unless in exceptional cases for limited periods, no alternate directors have been appointed to the Board of the Company.

Guideline 4.6: Selection and Appointment of Directors

The NC has in place a formal procedure for making recommendations to the Board on the selection and appointment of directors. The NC, in consultation with the Board and management as appropriate, determines the qualification, skill set, competence and expertise required or expected of a new Board member, taking into account the size, structure, composition, and progressive renewal of the Board, as well as the nature and size of the Group's operations.

Recommendations from Board members, business associates, advisors, professional bodies and other industry players are reviewed by the NC.

The NC will review the curriculum vitae and other particulars/information of the shortlisted and/or nominated candidates. The NC, in evaluating the suitability of the candidates, will take into account his/her qualifications, business and related experience and ability to contribute effectively to the Board process. The NC will also determine if the candidate is able to commit time to his/her appointment having regard to his/her other Board appointments, and if he/she is independent. The evaluation process will involve an interview or meeting with the candidates. Appropriate background and confidential searches will also be made. Recommendations of the NC are then put to the Board for consideration. The Board will review the recommendations and approve the appointment as appropriate.

All directors, including the Chairman of the Board and CEO, are required to subject themselves for re-election at least once every three years. Pursuant to Regulation 89 of the Company's Constitution, one-third of the directors shall retire from office by rotation at each AGM. In addition, any newly appointed director is also required to submit himself or herself for re-election at the AGM following his/her appointment pursuant to Regulation 88 of the Company's Constitution.

The NC has recommended the re-appointments of Mr. Chin Sek Peng and Dato Paduka Timothy Ong Teck Mong, who will be retiring by rotation pursuant to Regulation 89 of the Company's Constitution at the forthcoming AGM following a review of their performance and contributions. These two retiring directors have offered themselves for re-election as directors of the Company.

Additional information on directors recommended for re-appointment as follow:

Name of Director	**Mr. Chin Sek Peng**	**Dato Paduka Timothy Ong Teck Mong**
Date of Appointment	15 May 2013	15 May 2013
Date of last re-appointment (if applicable)	29 September 2017	23 September 2016
Age	62	66
Country of principal residence	Singapore	Brunei

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Chin Sek Peng	Dato Paduka Timothy Ong Teck Mong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Chin Sek Peng as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Chin Sek Peng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Dato Paduka Timothy Ong Teck Mong as the Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dato Paduka Timothy Ong Teck Mong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	AC Chairman, RC member and NC member	Non-Executive Director
Professional qualifications	Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University Fellow (Practising) Chartered Accountant of Singapore Fellow Member of the Institute of Chartered Accountants in England and Wales	Bachelor of Arts (Honours) degree in Economics and Political Science from the Australian National University Master of Science (with Distinction) degree in International Relations from the London School of Economics.
Working experience and occupation(s) during the past 10 years	In 1999, Mr. Chin Sek Peng joined legacy Arthur Andersen as a partner in its Assurance and Business Advisory Division and in 2002, he left the firm to set up his own audit and consultancy practices together with another partner. He is currently the managing partner of PKF group of entities in Singapore and a member of the Asia Pacific Board of PKF International. He also serves as Independent Director mainly in the capacity as Audit Committee Chairman to three other public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors of Singapore and the Singapore Institute of Directors. He was a council member of ISCA and the Chairman of the Public Accounting Practice Committee of ISCA until April 2018.	Dato Timothy Ong is Chairman of Asia Inc Forum, a regional platform for policy and business dialogue. He sits on a number of Brunei and regional boards including Baiduri Bank Group, Hotel Associates Sdn Bhd, National Insurance Bhd, YOMA Strategic Holdings and the Asian Advisory Board of Prudential Financial. He is a Governor of the Asian Institute of Management and a Trustee of the Ramon Magsaysay Awards foundation. Dato Ong was Chair of the Brunei Economic Development Board from 2005 to 2010 and the APEC Business Advisory Council in 2000. He was chairman of the 23rd ASEAN-Japan Business Meeting and represented Brunei in the APEC Eminent Persons Group from 1993 to 1995.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 260,000 ordinary shares Deemed interest – 100,000 ordinary shares	Direct interest – 664,885 ordinary shares

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Name of Director	Mr. Chin Sek Peng	Dato Paduka Timothy Ong Teck Mong
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer (Yes/No)	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)		
Past (for the last 5 years)	Nil	Nil
Present	Partner: PKF-CAP LLP Director: PKF-CAP Advisory Partners Pte. Ltd. PKF-CAP Risk Consulting Pte. Ltd. PKF – HT Khoo PAC; PKF – ACPA Management Consultants Pte. Ltd.; PKF – Khoo Management Services Pte. Ltd. C&L Business Advisers Pte. Ltd. Independent Director: Sunpower Group Ltd. Sitra Holdings (International) Ltd. Cortina Holdings Ltd.	Director: Hexalink Investment Pty Ltd, Australia Wawasan Holdings Pty Ltd, Australia PHINMA Inc, Philippines PHINMA Education Holdings Inc, Philippines Asian Institute of Management (AIM), Philippines Ramon Magsaysay Awards Foundation (RMAF), Philippines Prudential Financial Asian Advisory Board, Hong Kong Hotel Associates Sdn Bhd, Brunei Pansar Company Sdn Bhd, Brunei Sumber Mulia Holdings Sdn Bhd, Brunei National Insurance Co. Bhd, Brunei BruCapital Holdings Sdn Bhd, Brunei Cemerjaya Sdn Bhd, Brunei Baiduri Bank Bhd, Brunei Asia Inc Forum Sdn Bhd, Brunei Baiduri Finance, Brunei Praxis Energy Sdn Bhd, Brunei Quest Sdn Bhd, Brunei Clarity Sdn Bhd, Brunei Everon Sdn Bhd, Brunei Brunei Hotel Sdn Bhd, Brunei Independent Director: YOMA Strategic Holdings Ltd
The general statutory disclosures of the Directors are as follows:		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

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Name of Director	Mr. Chin Sek Peng	Dato Paduka Timothy Ong Teck Mong
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

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Name of Director	Mr. Chin Sek Peng	Dato Paduka Timothy Ong Teck Mong
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This relates to the re-appointment of director.	Not applicable. This relates to the re-appointment of director.

The Board has accepted the NC's recommendations.

Guideline 4.7: Directors' Information

Key information on the directors, with regards to academic and professional qualifications, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, can be found in the table on the earlier page and the Board of Directors section of the annual report.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

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

Guidelines 5.1 and 5.3: Process for Accessing Board Performance

Formal processes for assessing the Board's effectiveness as a whole and contribution from each of the respective Board Committees, namely the AC, NC and RC, have been agreed upon by the Board. Collective assessment of the members of the Board and Board Committees occurs annually.

Performance evaluations for the Board and respective Board Committees were carried out for FY2019, in which a questionnaire was used to facilitate the performance evaluation exercise. In evaluating the effectiveness of the Board, the NC has considered factors relating to individual directors such as the principal commitment of the directors including the number of public-listed company board representations that each of them has, the attendance to-date at Board and Board Committee meetings, as well as the professional experience and expertise of the directors. No external facilitator was engaged by the Board for this exercise. The NC discussed the results and observations of this exercise and shared the findings with the Board.

The NC has considered that individual director's evaluation as recommended by the 2012 Code was not deemed necessary and that the current annual assessments of the Board and respective Board Committees were sufficient for the time being.

Guideline 5.2: Criteria for Performance Evaluation

Objective and stringent performance evaluation criteria have been agreed upon by the NC and approved by the Board. The evaluation criteria include comparisons with industry peers and ensuring the Board stays focused on enhancing long-term shareholders' value. Reviews for a change in the criteria occur only when circumstances deem it necessary and are subject to the approval of the Board.

Principle 6: Access to Information

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

Guidelines 6.1 & 6.2: Timely Access and Provision of Information

Recognising that a complete, adequate, timely and constant flow of information to the Board is vital for the Board to effectively and efficiently fulfil its duties, sufficient lead time is provided to directors to prepare for meetings. All Board and Board Committee meeting papers are disseminated to directors at least three working days in advance of any meeting. Any additional information requested by the directors is promptly furnished. This facilitates meeting discussions that are more productive, with a focus on queries that directors may have.

Background and explanatory information such as facts, resources required, risk analysis and mitigation strategies, financial impact, expected outcomes, conclusions and recommendations are provided in all management proposals that required approval from the Board. Depending on the matter on-hand, employees who can provide additional insights on the issue will be present at the relevant time during the Board and Board Committees meetings.

Guideline 6.3: Access to Company Secretary

There are three Company Secretaries, namely Mr. Ng Tah Wee, David, Ms. Yeo Ai Mei and Ms. Lai Foon Kuen. Their roles include, *inter alia*:

(1) Administering, attending and preparing minutes of Board and Board Committees proceedings;

(2) Assisting the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure effective functioning of the Board;

(3) Supporting the Chairman in ensuring that the Company's Constitution and relevant rules and regulations including requirements of the Companies Act and SGX-ST Listing Manual are complied with;

CORPORATE GOVERNANCE REPORT

(4) Aiding the Chairman in ensuring timely and good information flow to the Board and Board Committees, and between management and non-executive directors; and

(5) Advising the Board on corporate governance best practices.

All directors are provided with the contact details of the Company's management and the Company Secretaries to facilitate direct access to these personnel.

Guideline 6.4: Appointment and Removal of Company Secretary

Any appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5: Access to Independent Professional Advice

The directors, both as a group and individually, may seek and obtain independent professional advice at the expense of the Company in order to fulfil their duties and responsibilities. This is subject to the approval of the Chairman.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

Guideline 7.1: Remuneration Committee

The RC comprises three independent directors as follows:

Dr. Tan Khee Giap (Chairman)
Mr. Chin Sek Peng (Member)
Mr. Lim Teck Chai, Danny (Member) (Resigned as a director on 23 August 2019)

As Mr. Lim Teck Chai, Danny has resigned from the Board on 23 August 2019, a replacement will be appointed to the RC as a member in due course. With the RC comprising independent directors, it minimises the risks of potential conflict of interests.

Guideline 7.2: Remuneration Framework

The RC is primarily responsible for ensuring that the process of developing the executive remuneration policy and determining individual director's and key management personnel's remuneration packages are carried out in a formal and transparent manner. For talent retention purposes, the RC assists the Board to ensure that the remuneration policies and practices promote staff retention and motivation to perform, yet without being excessive to maximise shareholders' value.

Subject to the Board's endorsement, the RC recommends to the Board a framework of remuneration and terms of employment covering all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, grant of shares and share options, and benefits in kind. In addition, specific remuneration packages for each director, key management personnel and employees related to directors or substantial shareholders of the Group (if any) are deliberated on before the Board endorses it.

Guideline 7.3: Expert Advice on Remuneration

If the need arises, the RC will seek expert advice internally and externally on remuneration of the directors. Remuneration consultants have not been engaged by the Company for FY2019 to advise on the remuneration of the directors.

Guideline 7.4: Termination of Contracts of Service

The RC reviews the contracts of service of the executive directors and key management personnel to ensure that they contain fair and reasonable termination clauses which are not overly onerous and do not reward poor performance.

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Principle 8: Level and Mix of Remuneration

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

Guidelines 8.1 & 8.4: Remuneration Structure of Executive Director and Key Management Personnel, and Contractual Provisions

The performance-based remuneration system that is adopted by the Company is very flexible and responsive to the performance of the market, Company, business units, and individual employees. The RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate. In designing the compensation structure, the RC strikes a balance between short term versus long term compensation and between cash versus equity incentive compensation. The complete remuneration mix available comprises three main components – annual fixed cash, annual performance-related variable component, as well as the TEE Land Employee Share Option Scheme ("TEE Land ESOS") and TEE Land Performance Share Plan ("TEE Land PSP").

As at the date of this report, the Company has in place contractual provisions to allow the Group to reclaim certain incentive components of remuneration from the executive directors.

Guideline 8.2: Long-Term Incentive Schemes

The TEE Land ESOS and TEE Land PSP are administered by the RC as the long-term incentive component of the remuneration structure. These performance-related components of remuneration link rewards to corporate and individual performance. With the purpose of aligning interests with those of shareholders, directors, key management personnel and staff who are eligible for ESOS are strongly encouraged to hold their shares beyond the vesting period, when awarded.

Guideline 8.3: Remuneration of Non-Executive Directors

A fixed fee has been recommended by the Board for the effort, time spent and responsibilities for each of the independent and non-executive directors. With higher level of responsibility, the respective chairmen of the Board and various Board Committees are remunerated with higher directors' fees. Executive directors and the nominee director from TEE International Limited (the parent company) receive lower directors' fees as compared to the independent directors and non-executive directors.

Similar to the previous year, TEE Land will be seeking shareholders' approval at the AGM to pay the directors' fees on a current year basis. On this basis, TEE Land will pay all directors on a quarterly basis in arrears. Directors based overseas are reimbursed for out-of-pocket travelling and accommodation expenses in Singapore.

Principle 9: Disclosure on Remuneration

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

Guideline 9.1: Report on Remuneration

Discretion and independent judgement are exercised by the RC in ensuring that the compensation structure aligns with shareholders' interest and promotes long-term success of the Group while discouraging behaviours contrary to the Group's risk profile.

Guideline 9.2: Directors' Remuneration

Given that the labour market remains competitive, the Board has reviewed and decided not to fully disclose the remuneration of the Company's directors. Instead, remuneration has been disclosed in bands and further broken down to various remuneration components.

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Remuneration Bands and Name of Director of the Company	Directors' Fees [1] %	Attendance Fees %	Salaries [2] %	Bonuses [2] %
S$250,000 to below S$500,000				
Mr. Phua Cher Chew	2.7	2.4	75.6	19.3
Below S$100,000				
Er. Dr. Lee Bee Wah	91.2	8.8	–	–
Dr. Tan Khee Giap	89.6	10.4	–	–
Mr. Chin Sek Peng	89.8	10.2	–	–
Mr. Lim Teck Chai, Danny [3]	86.8	13.2	–	–
Dato Paduka Timothy Ong Teck Mong	90.9	9.1	–	–
Mr. Neo Weng Meng, Edwin	69.2	30.8	–	–
Ms. Saw Chin Choo [4]	23.8	76.2	–	–

1 The directors' fees for FY2019.

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

3 Mr. Lim Teck Chai, Danny resigned as a director of the Company on 23 August 2019.

4 Ms. Saw Chin Choo resigned as a director of the Company on 31 July 2018.

The total directors' fees for FY2019, which was approved in the AGM on 25 September 2018, amounted to S$342,000 while the actual payout was S$294,000.

Guideline 9.3: Remuneration of Key Management Personnel

The level and mix of remuneration of the key management personnel (who are not directors or the CEO) for FY2019 are set out in the table below.

Remuneration Band	Salaries [1] %	Bonuses [1] %
S$100,000 to below S$250,000		
4 Key Management Personnel	88.9%	11.1%
Total Remuneration	S$703,818	

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

Taking into consideration the highly competitive business environment, the nature of the industry, and the confidentiality of the Group's remuneration policies, the Board is of the view that providing full disclosure of the remuneration of each key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention. During FY2019, the Group had four key management personnel, namely Mr. Ng Tah Wee, David, Ms. Fanny Cheng Hui Fen (resigned on 31 January 2019), Mr. Lawrence Toh Leng Poh and Mr. Wong Chee Meng, Raymond.

Guideline 9.4: Remuneration of Employees Related to Directors or CEO

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded S$50,000 during FY2019. Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

Guidelines 9.5 & 9.6: Employee Share Schemes

Recognising the importance of human capital for the future growth and development of our Group, employee share schemes are in place to reward the contributions and continued dedication of our employees and non-executive directors. The TEE Land PSP is a share-based incentive which complements the TEE Land ESOS to form an integral part of our incentive compensation programme. These two complementary programme provide for greater flexibility in structuring market competitive compensation packages of eligible participants and additional incentive for motivating and retaining employees.

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While the TEE Land ESOS grants options, the TEE Land PSP is designed to reward employees with fully-paid shares, or the equivalent in cash or a combination of both, at the sole discretion of the Company. Awards granted under the TEE Land PSP will only vest upon the fulfilment of prescribed service conditions, as may be decided by the Company at the relevant point in time and/or according to the extent to which employees achieve their performance targets over specific performance periods, as determined by the RC which administers the programme. Performance targets are set based on medium-term corporate objectives encompassing market competitiveness, quality of returns, business growth and productivity growth.

The TEE Land PSP primarily targets executives in key positions who are able to drive the growth of our company through their creativity and innovation, and perform above expectations. During the PSP awards selection process, the RC will take into account the compensation and/or benefits to be given to the participants under any concurrent share scheme implemented by the Company. The number of new shares to be issued under the TEE Land PSP and ESOS programmes is capped at the existing maximum limit of 15% of the Company's total issued share capital (excluding treasury shares).

The TEE Land ESOS, if awarded, will provide eligible employees with an opportunity to participate in the equity of our Company that serves to motivate better staff performance through increased dedication and loyalty.

As of 31 May 2019, no option has been granted under the TEE Land ESOS and no shares have been awarded under the TEE Land PSP.

ACCOUNTABILTY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1: Provision of Balanced and Comprehensible Company Performance Assessment

The Company seeks to maximise shareholders' value by maintaining accountability of the Board to the shareholders, as well as of the Company's management to the Board. The Board is accountable to shareholders for the Group's performance.

The Board provides shareholders with the Group's quarterly financial results and annual financial reports in a timely manner. Results for the first three quarters are released to shareholders no later than 45 days from the end of each financial quarter. Annual results are released within 60 days from the financial year-end. In presenting the annual and quarterly financial information to shareholders, the Board aims to provide shareholders with a fair and clear assessment of TEE Land's performance, position and prospects.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst preserving the commercial interests of the Group. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGX-ST's SGXNet broadcast network ("SGXNet"), press releases, the Company's website and media and analyst briefings.

Guideline 10.2: Compliance with Legislative and Regulatory Requirements

For the financial year under review, the CEO and the Financial Controller ("FC") have provided assurance to the Board on the integrity of the financial statements for TEE Land and its subsidiaries. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the SGX-ST Listing Manual. The assurances were confirmed by Mr. Phua Cher Chew, Executive Director, and Mr. Neo Weng Meng, Edwin, Non-Executive Director. In addition, the Company has procured undertakings from all directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the SGX-ST Listing Manual.

The Company completes and submits compliance checklists to SGX-ST when applicable to ensure that all announcements, circulars and letters to shareholders comply with the requirements set out in the SGX-ST Listing Manual.

Guideline 10.3: Management Accounts to the Board

The management updates the Board on matters concerning the business and operations regularly or when required by the Board. Major issues are highlighted to the Board for their attention. Such timely updates enable the Board to make a fair and informed assessment of the Group's performance, position and prospects.

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Principle 11: Risk Management and Internal Controls

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

Guideline 11.1: Risk Management and Internal Control Systems

The Group has in place an Enterprise Risk Management ("ERM") Framework, which was established since FY2014, to facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management and internal controls systems. The framework sets out the governing policies, processes and systems pertaining to each key risk area of the Group. The adequacy and effectiveness of the Group's risk management and internal controls systems in managing these key risk areas are assessed on a regular basis to take into account the ever-changing business and operating environments as well as evolving corporate governance requirements.

Identified risks affecting the attainment of business objectives and financial performance of the Group over the short to medium term are summarised in the Group Risks Register and rated in accordance with their likelihood and consequential impact to the Group. These identified risks are managed and mitigated through counter measures.

The ERM Framework expands on existing internal controls, resulting in a stronger and more extensive focus on the broad spectrum of enterprise risk management. The ERM Framework incorporates the internal control systems within it. This enables us to leverage on the ERM Framework to satisfy internal control needs and to move towards a more comprehensive risk management process.

Guideline 11.2: Adequacy and Effectiveness of Risk Management and Internal Control Systems

The ERM system is an integral part of the Group's business and operations management process. At least once a year, the Board receives reports from the management for review pertaining to the Group's risk profile, evaluated results and counter measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as desired. Such review exercises ensure the continued relevancy of the ERM and internal control systems in place.

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

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

During FY2019, the AC reviewed reports submitted by the internal and external auditors relating to the effectiveness of TEE Land's internal controls covering the adequacy and effectiveness of internal controls to address the key financial, operational, compliance risks and information technology risks.

The Board has received assurance from the CEO and FC that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems are in place and operating effectively.

Based on the ERM Framework and the internal controls established and maintained by TEE Land, work performed by the internal and external auditors, reviews performed by the management, various Board Committees and the Board, and the above assurance from the CEO and FC, the Board, with the concurrence of the AC, is of the opinion that TEE Land's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks during FY2019.

Guideline 11.4: Risk Committee

Taking into account the Group's business operations as well as ERM Framework and existing internal control systems, the Board is of the view that a separate risk committee is currently not necessary. Instead, the oversight of the ERM Framework and policies is incorporated as part of the functions of the AC.

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Principle 12: Audit Committee

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

Guideline 12.1: Audit Committee

The AC consists of four independent directors as follows:

Mr. Chin Sek Peng (Chairman)
Er. Dr. Lee Bee Wah (Member)
Dr. Tan Khee Giap (Member)
Mr. Lim Teck Chai, Danny (Member) (Resigned as a director on 23 August 2019)

All the AC members are independent from business and management relationships. At least 2 members including the Chairman of the AC have sufficient accounting and related financial management expertise. All the members of the AC are suitably qualified to discharge the AC's responsibilities. The primary role of the AC is to undertake any matter within its terms of reference ("TOR").

The AC is guided by, *inter alia*, the following TOR:

(1) Review significant financial reporting issues and judgements to ensure integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(2) Review with the internal and external auditors on their audit plans, their evaluation of the system of internal controls, their audit reports and their management letters and management's responses;

(3) Review and report to the Board the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management policies;

(4) Review at least annually the adequacy and effectiveness of the Group's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience;

(5) Make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, as well as reviewing their independence and objectivity;

(6) Review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and

(7) Review the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Group's whistle-blowing programme.

Guideline 12.2: AC Members Expertise

The Board is of the view that Mr. Chin Sek Peng is well qualified to chair the AC with his extensive and practical financial management, auditing, accounting and financial reporting knowledge and experience. Er. Dr. Lee Bee Wah and Dr. Tan Khee Giap have practical experience and knowledge on issues concerning the committee from serving on the AC of other public-listed companies on the SGX-ST. Mr. Lim Teck Chai, Danny, who is a partner in Rajah & Tann Singapore LLP, is well versed in the compliance requirements of SGX-ST and Monetary Authority of Singapore through his experience in practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally.

Guideline 12.3: Authority of AC

The AC has full access to, and the cooperation of, management and full discretion to invite any director or officer to attend meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

CORPORATE GOVERNANCE REPORT

Guideline 12.4: Duties and Responsibilities of AC

The AC holds quarterly meetings to review the integrity of financial information including the relevance and consistency of the accounting principles adopted, after which the financial results and corresponding SGXNet announcements are recommended to the Board for approval. The AC also reviews the adequacy and effectiveness of TEE Land's internal control system – including financial, operational, compliance and information technology controls and risk management policies - and regulatory compliance through discussions with management and the auditors.

In the review of the financial statements for FY2019, the AC held discussions with management and external auditors on the accounting principles that were applied and their judgement of items that may affect the integrity of the financial statements. Recommendation for the release of the full-year financial statements was made to the Board following the AC's review and discussions.

In addition, the AC reviews the adequacy and effectiveness of the Group's internal audit function, which includes ensuring it is staffed with persons with the relevant qualifications and experience at least annually.

The AC also reviews the scope of work of the internal and external auditors to ensure that they are adequate in addressing the key risks of the Group. All audit findings and recommendations from the internal and external auditors are provided to the AC for discussion at AC meetings. The cost effectiveness of the audit, as well as the independence and objectivity of the external auditors are being reviewed too. The nature, extent and costs of non-audit services provided by the external auditors are taken into account to strike a balance in maintaining the objectivity of the external auditors.

Interested person transactions ("IPTs") are reported by the management to the AC every quarter in accordance with the Group's review guidelines on IPT.

The AC also recommends to the Board on matters relating to the external auditors, covering appointment, re-appointment, removal, remuneration and terms of engagement. The re-appointment of the external auditors is subject to shareholders' approval at the Company's AGM.

For FY2019, the external auditors have included in their auditors' report three key audit matters ("KAM") which they considered as significant to be mentioned in their report including the audit procedures that they have carried out to address these KAM. The AC noted that these three KAM were raised in prior financial year and were considered important matters by the external auditors as significant management judgement and estimates are involved. . The AC sets out below its responses to the KAM in the table below.

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AC Commentary to Key Audit Matters for FY2019:

Key Audit Matters Involving Significant Judgement and Estimates	Matters Considered	Conclusion by AC
Recognition of revenue from sale of residential and mixed-use properties	The Group is in the business of constructing and developing residential and commercial properties. As disclosed in Note 4 to the financial statements, revenue from sales of residential and mixed-use properties amounted to $90,372,000 which represented approximately 90% of the Group's revenue for the financial year ended 31 May 2019. As disclosed in Notes 2(b) and 3 to the financial statements, the Group recognises revenue either at a point in time or over time, depending on the contractual terms. Revenue from sales of residential and mixed-use properties is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. The determination of the estimated total construction and other costs to be incurred requires significant management judgement and estimates, which may have an impact on the amounts of revenue and profits recognised during the year.	The AC is satisfied with the amount of revenue recognised from sale of development properties using the input method based on the following work performed: i. Reviewed the audit procedures carried out by the external auditors; ii. Raised questions and discussed with the external auditors on any significant matters noted in its audit; and iii. Discussed with management on areas of judgement and estimates in making reasonable determination of the stage of completion of the contract using the input method to recognise revenue from sale of development properties.

CORPORATE GOVERNANCE REPORT

Key Audit Matters Involving Significant Judgement and Estimates	Matters Considered	Conclusion by AC
Valuation of development properties, and completed properties and land held for sale	As at 31 May 2019, the Group has a portfolio of development properties comprising residential properties and mixed-use development properties in Singapore, with total carrying values of $175,883,000. The Group also has completed properties in Singapore and Malaysia and freehold land held for sale in Vietnam on that date, with total carrying values of $42,974,000, net of write down of $4,052,000 as at 31 May 2019. As disclosed in Notes 3, 15 and 16 to the financial statements, the development properties and completed properties and land held for sale (collectively "properties") are stated at the lower of cost and net realisable value. The determination of the net realisable values of these properties are dependent upon management's estimates of future demand and selling prices of these properties. Management performs cost analysis for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, the prevailing property market conditions, estimated future demand and selling price of completed properties and land held for sale. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties. Management also compared the carrying amounts of the properties to the open market values estimated by valuers to determine whether a write-down is required for those properties with slower-than-expected sales or with low or negative margins. Changes to these estimates can have a significant impact to the financial statements.	The AC is satisfied that development projects are stated at the lower of cost and net realisable value in accordance with the requirements of the Singapore Financial Reporting Standards (International) based on the following work performed: i. Reviewed audit procedures performed by the external auditors; ii. Made enquiries of and discussed with the external auditors on any significant issues arising from its work that should be communicated to the AC; iii. Discussed with management; and iv. Reviewed the valuers' reports including the valuer's competency, capability and objectivity.
Valuation of investment properties	As at 31 May 2019, the Group has a portfolio of investment properties comprising a leasehold building in Singapore and freehold properties in New Zealand and Thailand, with total carrying values of $31,442,000. As disclosed in Notes 2(h), 3 and 21 to the financial statements, these investment properties are stated at fair values, determined based on valuations carried out by valuers. In determining the fair value of the investment properties, the valuers have used valuation techniques which involved assumptions and significant unobservable inputs which are disclosed in Note 21 to the financial statements. Any significant changes in the key assumptions could result in a significant impact to the fair values of the investment properties.	The AC is satisfied with the competencies and qualifications of the professional valuers including the valuation methodology and key assumptions used in determining the fair value of the Group's investment properties based on its review of the valuation reports and the audit procedures carried out by the external auditors including discussion with them and management.

CORPORATE GOVERNANCE REPORT

Guideline 12.5: External and Internal Auditors

In the past year, the AC invited external and internal auditors to AC meetings when they would give independent professional advice to the AC, where required. The AC also met with the external and internal auditors on separate occasions without the presence of the management.

Guideline 12.6: Independence of External Auditors

The AC considered the adequacy of resources and experience of the external auditors, the audit engagement partner assigned to the audit, other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit. Based on these considerations, the AC is of the opinion that the appointment of auditing firm Baker Tilly TFW LLP is appropriate in meeting the Group's audit obligations. Baker Tilly TFW LLP has confirmed that it is registered with the Accounting and Corporate Regulatory Authority.

In addition, the AC reviewed the independence and objectivity of the external auditors through discussions with them as well as a review of the volume and nature of non-audit services provided by the external auditors during the financial year under review. The AC concluded that it is satisfied with the independence of the external auditors that has not been compromised by the provision of such non-audit services.

With regards to the Group's significant foreign incorporated subsidiaries, member firms of Baker Tilly International, of which Baker Tilly TFW LLP is also a member, have been engaged as the external auditors. Upon review of the appointments of these audit firms, the Board and AC are of the opinion that these appointments do not compromise the standard and effectiveness of the audit of the Company.

Therefore, the Group is compliant with Rule 712, 715 and 716 of the SGX-ST Listing Manual. Accordingly, the AC has recommended the re-appointment of Baker Tilly TFW LLP as the Company's external auditors at the forthcoming AGM.

The details of the fees of the auditors of the Company during FY2019 are set out as follows:

Fees on Audit Services Paid to Independent Auditors:	S$'000
– Company's independent auditor	114
– Other independent auditors #	81
Total	195

Fees on Non-Audit Services Paid to Independent Auditors:	
– Company's independent auditor	41
– Other independent auditors #	51
Total	92

Other independent auditors include independent member firms of Baker Tilly International network.

Guideline 12.7: Whistle-blowing Policy

TEE Land has a whistle-blowing policy in place that strongly encourages employees and vendors to report malpractices and misconduct in the workplace. Employees who have acted in good faith will be protected from victimisation and harassment by their colleagues. All information received will be kept confidential to protect the identity and interest of all whistle-blowers. Anonymous disclosures are accepted and anonymity honoured.

This policy provides a single and confidential line for reporting concerns about possible improprieties to the AC Chairman in good faith and confidence. Processes are clearly defined in the policy to ensure independent investigation of such matters and appropriate follow-up action, which provides assurance that employees will be protected from reprisals.

The whistle-blowing policy is available at TEE Land's website at www.teeland.com.sg.

For FY2019, there have been no reported incidences.

CORPORATE GOVERNANCE REPORT

Guideline 12.8: Updates on Accounting Standards

External auditors in attendance of the quarterly AC meetings provide updates to keep the AC abreast of changes in accounting standards and related law and regulations, and issues which have a direct impact on financial statements.

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

With reference to the guidelines of the 2012 Code, there is no former partner or director of Baker Tilly TFW LLP acting as a member of the AC, within a year commencing on the date of cessation from being a partner or director of Baker Tilly TFW LLP or having a financial interest in the specified auditing firm.

Principle 13: Internal Audit

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

Guidelines 13.1 & 13.2: Internal Auditor

The internal audit function is currently outsourced to Protiviti Pte Ltd, a professional service firm providing internal audit, risk management and related risk consulting services.

On an annual basis, the internal auditors prepare and execute a risk-based audit plan to review the adequacy and effectiveness of the system of internal controls of the Group that address financial, operational, compliance and information technology risks. The internal auditors have access to all necessary company documents, records, and personnel, including access to the AC.

Guidelines 13.3, 13.4 & 13.5: Internal Auditor Function and Review of Effectiveness

The internal auditors work closely with the external auditors, who highlight any material internal control weaknesses that come to their attention in the course of the statutory audit.

All audit findings and recommendations made by the internal auditors are reported to the AC. Significant issues, if any, are discussed during AC meetings. Internal auditors follow up on their findings and recommendations as appropriate, in subsequent visits to ensure management has implemented them in a timely and appropriate manner, and report the results to the AC accordingly.

The internal audit function is reviewed annually by the AC and it is independent of the external audit. The AC is of the opinion that the internal auditors, Protiviti Pte Ltd, is staffed with professionals with relevant qualifications and experience and have performed its functions effectively and adequately in accordance with the standards set by nationally and internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing by The Institute of Internal Auditors.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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

Guideline 14.1: Information to Shareholders

TEE Land's corporate governance practices promote fair and impartial treatment of all shareholders. To facilitate shareholders' ownership rights, TEE Land ensures that all material information is comprehensively and accurately disclosed in a timely manner via SGXNet. Recognising the importance of good corporate governance, the timely disclosure of relevant and adequate information enables shareholders to make informed decisions related to their investments in TEE Land.

Guideline 14.2: Opportunity for Shareholders to Participate and Vote at General Meetings

All shareholders are entitled to attend the AGM and are provided the opportunity to participate effectively and vote at the AGM. The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote on behalf of the shareholder at the AGM. Shareholders are also kept informed of the rules that govern general meetings of shareholders.

CORPORATE GOVERNANCE REPORT

Guideline 14.3: Proxies for Nominee Companies

While there is no limit imposed on the number of proxy votes for relevant intermediaries as defined under Section 181 of the Companies Act, the Constitution of the Company allows each shareholder (other than relevant intermediaries) to appoint up to two proxies to attend AGMs.

Principle 15: Communication with Shareholders

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

Guideline 15.1: IR Policy

The Group has an internal investor relations ("IR") manager who manages communications with all stakeholders, as well as attend to and ensure that all queries and concerns are promptly addressed by the relevant management personnel. For details on the Group's IR activities, please refer to the "Investor Relations" section of this report.

Guideline 15.2: Timely Disclosure of Information to Shareholders

TEE Land is committed to timely, fair and transparent disclosure of material and comprehensive information to its shareholders, which is usually done through SGXNet. In addition, TEE Land adopts the practice of regularly communicating major developments in its businesses and operations through the appropriate channels. Such channels include press releases, annual reports, shareholder circulars, shareholders' meetings, announcements via SGXNet and through TEE Land's corporate website at www.teeland.com.sg.

Guideline 15.3: Regular Dialogue with Shareholders

To encourage greater shareholder participation at AGMs or other general meetings and enable the Board and management to engage shareholders, the Company holds its AGM and other general meetings at venues that are accessible via public transport.

Guideline 15.4: Soliciting and Understanding Shareholders' Views

Briefings for the media and analysts are held to keep them updated on quarterly and full-year results, which in turn enables wider dissemination of the Group's updates to the masses and investor community. Such briefings are an avenue for management to gather insights from these stakeholders.

Guideline 15.5: Dividend Policy

TEE Land does not have a fixed policy on the payment of dividends to shareholders. The Group prefers to retain the flexibility on deploying profits for growth while striking a balance in rewarding our shareholders. The Board and management review the decision pertaining to a dividend payment half yearly.

The details of any dividend payment will be disclosed via the release of financial results announcements through SGXNET.

Principle 16: Conduct of Shareholder Meetings

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

Guideline 16.1: Effective Participation of Shareholders

Shareholders are given prior notice of shareholders' meetings through published notices and reports or circulars sent to all shareholders. The AGM procedures provide opportunities for shareholders to enquire about each resolution tabled for approval. Opportunities will be given to shareholders to participate, engage, and openly communicate their views on matters relating to TEE Land to the directors. As the authentication of shareholder identity information and other related security issues are still concerns that remain, the Company has decided for the time being to not implement voting in the absentia by mail, email or fax.

Guideline 16.2: Separate Resolutions at General Meetings

Separate resolutions are proposed on each substantially separate issue, with the exception of interdependent and linked resolutions.

CORPORATE GOVERNANCE REPORT

Guideline 16.3: General Meetings' Attendees

The Board Chairman presides over the AGM and is accompanied by fellow Board members, the Chairmen of the AC, NC, and RC, as well as the Company Secretaries. The Company's external auditors, Baker Tilly TFW LLP, will also be present to address any relevant queries from the shareholders.

Guideline 16.4: General Meetings' Minutes

The joint Company Secretaries prepare the AGM minutes, which include substantial comments or queries from shareholders and responses from the Board members, management, external auditors and/or any other parties concerned. These minutes are available to shareholders for viewing upon their written request.

Guideline 16.5: Poll Voting at General Meetings

Pursuant to the Company's Constitution, a poll may be demanded by the Chairman of the general meeting or by at least two members or any member(s) representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting. The Company will be conducting poll voting for all the resolutions proposed at the forthcoming AGM for greater transparency in the voting process in accordance with the SGX-ST Listing Manual. Electronic polling has been employed for TEE Land's AGMs. After each voting process, detailed results will be released on the public domain.

DEALING IN SECURITIES

In line with Rule 1207(19) of the SGX-ST Listing Manual, the Company has adopted its own internal securities trading policy (compliance code), with regards to dealing in the Company's securities. Directors, Company's management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited from dealing in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year results and ending on the day of the announcement, or when they are in possession of unpublished price-sensitive information on the Group.

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

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

Other than directors and CEO who are required to notify their dealings of the Company's securities, the following officers are also required to notify the Company of their dealings within two business days. They are:

- Company Secretary
- Chief Financial Officer/Financial Controller

The guidelines on share buyback under the Share Buyback Mandate, to be renewed at the Company's forthcoming AGM also provides that the Company will not effect any purchases of shares on the SGX-ST during the period of one month immediately preceding the announcement of the Company's full year results and two weeks immediately before the announcement of the Company's first, second and third quarter results.

The Company has adhered to its policy for securities transactions for FY2019.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect to any transactions with interested persons and has set out procedures for review and approval of the Group's IPT. All IPT are recorded in an IPT Register and subject to quarterly review by the AC.

Detail of IPT for FY2019 are as follow:

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 during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Mr. Phua Chian Kin (Substantial shareholder of the Company)	S$616,000	–
TEE International Limited (Holding Company)	S$295,000	–

MATERIAL CONTRACTS

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

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of TEE Land Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2019.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 68 to 156 are properly drawn up so as to give a true and fair view of the financial positions of the Group and the Company as at 31 May 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Er. Dr. Lee Bee Wah
Mr. Phua Cher Chew
Dato Paduka Timothy Ong Teck Mong
Dr. Tan Khee Giap
Mr. Chin Sek Peng
Mr. Lim Teck Chai, Danny (Resigned on 23 August 2019)
Mr. Neo Weng Meng, Edwin

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act as shown below:

	Number of ordinary shares					
	Shareholdings registered in their own names			Shareholdings in which a director is deemed to have an interest		
Name of directors and companies in which interests are held	**At 1.6.2018**	**At 31.5.2019**	**At 21.06.2019**	**At 1.6.2018**	**At 31.5.2019**	**At 21.06.2019**
Holding company						
TEE International Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	764,000	1,054,320	1,054,320	–	–	–
Mr. Phua Cher Chew	666,556	246,556	246,556	–	–	–
Dato Paduka Timothy Ong Teck Mong	2,258,279	3,116,425	3,116,425	–	–	–
Mr. Neo Weng Meng, Edwin	200,000	–	–	–	–	–
Warrants to subscribe for ordinary shares at the exercise price of $0.189 - $0.215 each						
Er. Dr. Lee Bee Wah	76,400	87,053	87,053	–	–	–
Mr. Phua Cher Chew	66,655	75,950	75,950	–	–	–
Dato Paduka Timothy Ong Teck Mong	225,827	257,318	257,318	–	–	–
Mr. Neo Weng Meng, Edwin	20,000	22,788	22,788	–	–	–
The Company						
TEE Land Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	1,774,233	2,097,433	2,097,233	–	–	–
Mr. Phua Cher Chew	4,379,537	4,379,537	4,379,537	–	–	–
Dato Paduka Timothy Ong Teck Mong	664,885	664,885	664,885	–	–	–
Mr. Chin Sek Peng	260,000	260,000	260,000	100,000	100,000	100,000
Mr. Neo Weng Meng, Edwin	61,100	61,100	61,100	–	–	–

SHARE OPTIONS

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The members of the Audit Committee during the financial year and at the date of this statement are:

Mr. Chin Sek Peng	(Chairman and independent non-executive director)	
Er. Dr. Lee Bee Wah	(Independent non-executive director)	
Dr. Tan Khee Giap	(Independent non-executive director)	
Mr. Lim Teck Chai, Danny	(Independent non-executive director)	(Resigned on 23 August 2019)

All members of this committee are non-executive and independent directors.

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Act, including the following:

- Reviews the audit plan of the independent auditor of the Company and the co-operation given by the management to the independent auditor;

- Reviews the quarterly, half-yearly and full-year result announcements of the Group and the Company before their submission to the Board of Directors of the Company;

- Reviews the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and independent auditor's report on those financial statements before their submission to the Board of Directors of the Company;

- Reviews the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls and risk management policies;

- Meets with the independent auditor and where appropriate, the other committees and management in separate sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;

- Reviews the cost effectiveness and the independence and objectivity of the independent auditor;

- Reviews the nature and extent of non-audit services, if any, provided by the independent auditor;

- Recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditor, and reviews the scope and results of the audit;

- Reports actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate;

- Reviews the scope, results and cost effectiveness of internal audit procedures as well as the effectiveness of the Group's and Company's internal audit function; and

- Reviews the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The Audit Committee has full authority to investigate any matter within its terms of reference, and has full access to and co-operation by the management and has full discretion to invite any director, executive officer or other employee of the Group to attend its meetings. The independent auditor has unrestricted access to the Audit Committee and the Audit Committee has reasonable resources available to enable it to discharge its functions properly.

The Audit Committee also undertakes such other functions as may be agreed to by the Audit Committee and the Board of Directors of the Company.

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Phua Cher Chew
Director

Neo Weng Meng, Edwin
Director

11 September 2019

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TEE Land Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 68 to 156, which comprise the statements of financial position of the Group and the Company as at 31 May 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Recognition of revenue from sales of residential and mixed-use properties

Description of key audit matter

The Group is in the business of constructing and developing residential and commercial properties. As disclosed in Note 4 to the financial statements, revenue from sales of residential and mixed-use properties amounted to $90,372,000 which represented approximately 90% of the Group's revenue for the financial year ended 31 May 2019.

As disclosed in Notes 2(b) and 3 to the financial statements, the Group recognises revenue either at a point in time or over time, depending on the contractual terms. Revenue from sales of residential and mixed-use properties is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

The determination of the estimated total construction and other costs to be incurred require significant management judgement and estimates, which may have an impact on the amounts of revenue and profits recognised during the year.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

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

Key Audit Matters (cont'd)

Recognition of revenue from sales of residential and mixed-use properties (cont'd)

Our audit procedures to address the key audit matter

Our audit procedures in relation to revenue from sales of development properties, among others, included:

– We obtained an understanding and tested the design and implementation of the Group's relevant key controls over the recognition of revenue from sales of development properties;

– We obtained an understanding of the terms and conditions of the contracts with customers and reviewed management's assessment on the identification of the performance obligations, the timing of revenue recognition and the relevant adjustments on revenue recognition arising from the adoption of SFRS(I) 15.

– For revenue recognised over time, we reviewed management's estimated total construction and other related costs to be incurred for each of the properties, and assessed the reasonableness of the assumptions and estimates applied by management which include key elements such as development construction costs, variation works, other property expenses, and taking into consideration any effects of significant or unusual events that occurred during the financial year;

– We reviewed the basis in allocation of the contract costs to residential and mixed-use properties within the same development and also tested their arithmetic calculations;

– We discussed with management regarding the progress of the construction of development properties and compared the work performed to-date to the estimated total construction and other related costs and tested arithmetic computation of the revenue recognised based on the input method calculation; and

– We also reviewed the adequacy of disclosures in the financial statements.

Valuation of development properties and completed properties and land held for sale

Description of key audit matter

As at 31 May 2019, the Group has a portfolio of development properties comprising residential properties and mixed-use development properties in Singapore, with a net carrying value of $175,883,000. The Group also has completed properties in Singapore and Malaysia and freehold land held for sale in Vietnam on that date, with a net carrying value of $42,974,000, net of write-down of $4,052,000 as at 31 May 2019.

As disclosed in Notes 3, 15 and 16 to the financial statements, the development properties and completed properties and land held for sale (collectively "properties") are stated at the lower of cost and net realisable value. The determination of the net realisable values of these properties are dependent upon the management's estimates of future demand and selling prices of these properties. Management performs cost analysis for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, the prevailing property market conditions, estimated future demand and selling prices of completed properties and land held for sale. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties. Management also compared the carrying amounts of the properties to the open market values estimated by valuers to determine whether a write-down is required for those properties with slower-than-expected sales or with low or negative margins. Changes to these estimates can have a significant impact to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

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

Key Audit Matters (cont'd)

Valuation of development properties and completed properties and land held for sale (cont'd)

Our audit procedures to address the key audit matter

Our audit procedures in relation to valuation of properties, among others, included:

– We obtained an understanding and tested the design and implementation of the Group's relevant controls related to assessment of net realiable values for properties;

– We assessed the Group's estimated sale values of the properties by comparing estimated sale values to, where available, recent transacted prices and prices of comparable properties located in the same vicinity as the properties;

– We compared the carrying amounts of the properties to the market values estimated by valuers;

– We considered the competencies, capabilities and objectivity of valuers;

– We assessed the appropriateness of the valuation models and property related data including estimates used by the valuers;

– We focused our work on properties with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below their respective costs, we have reviewed management's assessment of realisable values of the assets and checked the computations of the write-down, if any, and considered the adequacy of the disclosures in respect of the write-down;

– We reviewed the budgeted development construction costs by making enquiries with management and comparing the estimation to the historical cost incurred and the approved budget; and

– We also performed substantive test including test of details of transactions on the accuracy and completeness of the total contract costs including test of major costs components of the contract costs to source documents.

Valuation of investment properties

Description of key audit matter

As at 31 May 2019, the Group has a portfolio of investment properties comprising a leasehold building in Singapore and freehold properties in New Zealand and Thailand, with a total carrying value of $31,442,000.

As disclosed in Notes 2(h), 3 and 21 to the financial statements, these investment properties are stated at fair values, determined based on valuations carried out by valuers.

In determining the fair values of the investment properties, the valuers have used valuation techniques which involves assumptions and significant unobservable inputs which are disclosed in Note 21 to the financial statements.

Any significant changes in the key assumptions could result in a significant impact to the fair values of the investment properties.

INDEPENDENT AUDITOR'S REPORT

to the Members of TEE Land Limited

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

Key Audit Matters (cont'd)

Valuation of investment properties (cont'd)

Our audit procedures to address the key audit matter

Our audit procedures in relation to valuation of investment properties, among others, included:

- We assessed management's processes for the selection of valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation reports;
- We evaluated the professional qualifications and competencies of the valuers;
- We read the terms and scope of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- We held discussions with the valuers and reviewed the key assumptions used by reference to externally published market data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment;
- We also reviewed the adequacy of disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT
to the Members of TEE Land Limited

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT
to the Members of TEE Land Limited

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 May 2019

	Note	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue	4	**100,520**	109,161
Cost of sales		**(90,079)**	(85,232)
Gross profit		**10,441**	23,929
Other operating income	5	**1,353**	3,133
Selling and distribution costs		**(6,903)**	(11,896)
Administrative expenses		**(12,858)**	(9,016)
Other operating expenses	6	**(9,358)**	(11,026)
Finance costs	7	**(8,037)**	(7,385)
Share of results of associates	18	**(792)**	2,838
Loss before tax	8	**(26,154)**	(9,423)
Tax credit	9	**331**	424
Loss for the financial year		**(25,823)**	(8,999)
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation, representing other comprehensive income for the year		**(1,513)**	374
Total comprehensive loss for the financial year		**(27,336)**	(8,625)
Loss attributable to:			
Equity holders of the Company		**(23,840)**	(8,694)
Non-controlling interests		**(1,983)**	(305)
		(25,823)	(8,999)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(24,772)**	(8,123)
Non-controlling interests		**(2,564)**	(502)
		(27,336)	(8,625)
Loss per share for loss attributable to equity holders of the Company			
Basic (cents)	10	**(5.33)**	(1.95)
Diluted (cents)	10	**(5.33)**	(1.95)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2019

	Note	**Group**		
		31.5.2019	31.5.2018	1.6.2017
		$'000	$'000	$'000
			(Restated)	(Restated)
ASSETS				
Current assets				
Cash and cash equivalents	11	**25,021**	28,997	34,068
Trade receivables	12	**17,725**	8,258	6,300
Other receivables	13	**9,397**	19,222	12,285
Inventories		**46**	58	27
Loans receivable from associates	14	**10,839**	14,376	25,860
Development properties	15	**175,883**	197,727	129,052
Contract assets	4	**34,682**	41,232	29,122
Completed properties and land held for sale	16	**42,974**	48,342	47,584
		316,567	358,212	284,298
Non-current assets held for sale	17	**–**	47,617	47,481
Total current assets		**316,567**	405,829	331,779
Non-current assets				
Other receivables	13	**–**	–	6,000
Investment in associates	18	**5,409**	11,932	40,269
Property, plant and equipment	20	**40,320**	370	735
Investment properties	21	**31,442**	33,905	35,812
Deferred tax assets	22	**3,861**	4,343	3,561
Total non-current assets		**81,032**	50,550	86,377
Total assets		**397,599**	456,379	418,156
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	23	**1,994**	6,499	1,499
Trade payables	24	**17,781**	31,731	24,187
Other payables	25	**14,456**	18,966	21,867
Contract liabilities	4	**5,387**	4,513	3,879
Finance lease	26	**13**	13	12
Long-term borrowings	27	**87,436**	97,658	45,530
Financial guarantee liabilities	28	**130**	186	200
Term notes	29	**–**	–	29,939
Income tax payables		**37**	541	3,522
Total current liabilities		**127,234**	160,107	130,635

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2019

		Group		
	Note	**31.5.2019 $'000**	31.5.2018 $'000 (Restated)	1.6.2017 $'000 (Restated)
Non-current liabilities				
Deferred tax liabilities	22	**386**	1,025	374
Finance lease	26	**13**	27	38
Long-term borrowings	27	**130,201**	128,999	112,248
Financial guarantee liabilities	28	**105**	235	301
Loans from non-controlling interests	30	**9,736**	8,056	3,680
Total non-current liabilities		**140,441**	138,342	116,641
Equity				
Share capital	31	**142,238**	142,238	142,238
Currency translation reserve	32	**(361)**	571	–
Merger reserve	33	**(5,969)**	(5,969)	(5,969)
Capital reserve	34	**(6)**	(6)	(6)
Accumulated (losses)/profits		**(14,610)**	9,900	19,711
Equity attributable to equity holders of the company		**121,292**	146,734	155,974
Non-controlling interests	35	**8,632**	11,196	14,906
Total equity		**129,924**	157,930	170,880
Total liabilities and equity		**397,599**	456,379	418,156

STATEMENT OF FINANCIAL POSITION

At 31 May 2019

	Note	31.5.2019 $'000	Company 31.5.2018 $'000	1.6.2017 $'000
ASSETS				
Current assets				
Cash and bank balances	11	**459**	858	1,829
Other receivables	13	**110,877**	126,859	142,449
Loans receivables from associates	14	**–**	–	2,883
Total current assets		**111,336**	127,717	147,161
Non-current assets				
Other receivables	13	**13,229**	10,709	3,830
Investment in subsidiaries	19	**32,446**	32,861	32,996
Total non-current assets		**45,675**	43,570	36,826
Total assets		**157,011**	171,287	183,987
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	23	**495**	5,000	–
Other payables	25	**13,269**	9,611	8,458
Long-term borrowings	27	**–**	10,000	–
Financial guarantee liabilities	28	**646**	907	2,056
Term notes	29	**–**	–	29,939
Income tax payable		**8**	93	73
Total current liabilities		**14,418**	25,611	40,526
Non-current liability				
Financial guarantee liabilities	28	**459**	1,027	833
Total non-current liability		**459**	1,027	833
Equity				
Share capital	31	**142,238**	142,238	142,238
Accumulated (losses)/ profits		**(104)**	2,411	390
Total equity		**142,134**	144,649	142,628
Total liabilities and equity		**157,011**	171,287	183,987

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

	Share capital $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Accumulated losses $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 June 2018								
- as previously reported, FRS framework	142,238	(302)	(5,969)	(6)	15,584	151,545	11,856	163,401
- Cumulative effects of adopting SFRS(I) (Note 2(a))	–	873	–	–	(5,684)	(4,811)	(660)	(5,471)
At 31 May 2018 and 1 June 2018, SFRS(I) framework	142,238	571	(5,969)	(6)	9,900	146,734	11,196	157,930
Loss for the year	–	–	–	–	(23,840)	(23,840)	(1,983)	(25,823)
Other comprehensive loss for the year								
- currency translation difference on consolidation	–	(932)	–	–	–	(932)	(581)	(1,513)
Total comprehensive loss for the year	–	(932)	–	–	(23,840)	(24,772)	(2,564)	(27,336)
Dividends (Note 36)	–	–	–	–	(670)	(670)	–	(670)
At 31 May 2019	**142,238**	**(361)**	**(5,969)**	**(6)**	**(14,610)**	**121,292**	**8,632**	**129,924**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

	Share capital $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Accumulated profits $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 June 2017								
- as previously reported, FRS framework	142,238	(873)	(5,969)	(6)	21,683	157,073	15,144	172,217
- Cumulative effects of adopting SFRS(I) (Note 2(a))	–	873	–	–	(1,972)	(1,099)	(238)	(1,337)
At 31 May 2017 and 1 June 2017, SFRS(I) framework	142,238	–	(5,969)	(6)	19,711	155,974	14,906	170,880
Loss for the year	–	–	–	–	(8,694)	(8,694)	(305)	(8,999)
Other comprehensive income for the year								
- currency translation difference on consolidation	–	571	–	–	–	571	(197)	374
Total comprehensive income/(loss) for the year	–	571	–	–	(8,694)	(8,123)	(502)	(8,625)
Capital injection by non-controlling interests	–	–	–	–	–	–	1,137	1,137
Repayment of deemed capital to non-controlling interests	–	–	–	–	–	–	(4,345)	(4,345)
Dividends (Note 36)	–	–	–	–	(1,117)	(1,117)	–	(1,117)
At 31 May 2018	142,238	571	(5,969)	(6)	9,900	146,734	11,196	157,930

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 May 2019

	Share capital $'000	Accumulated (losses)/profits $'000	Total equity $'000
Company			
Balance at 1 June 2018	142,238	2,411	144,649
Loss for the year, representing total comprehensive loss for the year	–	(1,845)	(1,845)
Dividends (Note 36)	–	(670)	(670)
Balance at 31 May 2019	**142,238**	**(104)**	**142,134**
Balance at 1 June 2017	142,238	390	142,628
Profit for the year, representing total comprehensive income for the year	–	3,138	3,138
Dividends (Note 36)	–	(1,117)	(1,117)
Balance at 31 May 2018	142,238	2,411	144,649

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2019

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Operating activities		
Loss before tax	**(26,154)**	(9,423)
Adjustments for:		
Share of results of associates	**792**	(2,838)
Fair value loss on investment properties	**2,191**	1,495
Depreciation of property, plant and equipment	**2,135**	387
Remeasurement adjustment of non-current asset held for sale	**2,872**	–
Gain on disposal of stock dividend	**–**	(160)
Dividend income	**–**	(544)
Impairment loss on investment in associates	**3,600**	7,568
Impairment loss on trade receivables	**5**	6
Impairment loss on other receivables	**181**	181
Impairment on loan receivables from associates	**665**	–
Property, plant and equipment written off	**–**	10
Non-current asset held for sale written off	**–**	82
Completed properties and land held for sale written down	**542**	1,684
Gain on disposal of property, plant and equipment	**(30)**	–
Amortisation of capitalised contract costs	**3,800**	5,565
Amortisation of show flat expenses	**433**	514
Amortisation of financial guarantee liabilities	**(186)**	(255)
Amortisation of term notes	**–**	61
Interest income	**(349)**	(827)
Interest expenses	**8,037**	7,385
Operating cash flows before movements in working capital	**(1,466)**	10,891
Trade receivables	**(9,562)**	(1,825)
Other receivables	**4,960**	67
Inventories	**8**	(31)
Contract assets	**6,549**	(12,110)
Development properties	**(5,725)**	(83,057)
Completed properties and land held for sale	**31,032**	13,925
Trade payables	**(13,418)**	6,818
Other payables	**(3,422)**	(2,634)
Contract liabilities	**874**	634
Currency translation adjustments	**744**	(75)
Cash generated from/(used in) operations	**10,574**	(67,397)
Income tax paid	**(432)**	(3,521)
Income tax refunded	**56**	790
Net cash from/(used in) operating activities	**10,198**	(70,128)
Investing activities		
Sale proceeds from disposal of property, plant and equipment	**286**	–
Purchase of property, plant and equipment (Note 20)	**(257)**	(24)
Addition to investment property (Note 21)	**(46)**	–
Addition to non-current asset held for sale (Note 17)	**–**	(1,067)
Dividend received from associates	**2,131**	9,930
Proceeds from disposal of investment in associates	**–**	4,856
Proceeds from capital reduction in investment in associates	**–**	450
Repayment of loans receivable from associates	**3,221**	12,488
Loans receivable from associates	**(347)**	(919)
Interest received	**482**	2,476
Net cash from investing activities	**5,470**	28,190

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2019

	Group 2019 $'000	Group 2018 $'000 (Restated)
Financing activities		
Interest paid	**(7,819)**	(6,999)
Drawdown of bank loans	**495**	10,000
Repayment of bank loans	**(5,000)**	(5,000)
Drawdown of long-term borrowings	**34,935**	96,408
Repayment of long-term borrowings	**(42,255)**	(27,021)
Drawdown of short term advances by related companies	**(5,400)**	(2,050)
Repayment of short term advances by related companies	**5,400**	2,050
Repayment of finance lease payables	**(12)**	(12)
Repayment of term notes	**–**	(30,000)
Repayment of deemed capital to non-controlling interests	**–**	(4,345)
Capital injection by non-controlling interests	**–**	1,137
Loans from non-controlling interests	**1,680**	4,376
Dividend paid to non-controlling interests	**–**	(1,841)
Dividends paid	**(1,787)**	–
Net cash (used in)/from financing activities	**(19,763)**	36,703
Net decrease in cash and cash equivalents	**(4,095)**	(5,235)
Cash and cash equivalents at beginning of the year	**28,997**	34,068
Effect of foreign exchange rate changes of cash and cash equivalents	**119**	164
Cash and cash equivalents at end of the year (Note 11)	**25,021**	28,997

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank loans (Note 23) $'000	Finance lease (Note 26) $'000	Long-term borrowings (Note 27) $'000	Term notes (Note 29) $'000	Total $'000
Balance at 1 June 2017	1,499	50	157,778	29,939	189,266
Changes from financing cash flows:					
- Proceeds	10,000	–	96,408	–	106,408
- Repayment	(5,000)	(12)	(27,021)	(30,000)	(62,033)
Non-cash changes					
- Amortisation of term notes	–	–	–	61	61
Effect of changes in foreign exchange rate	–	2	(508)	–	(506)
Balance at 31 May 2018	6,499	40	226,657	–	233,196
Changes from financing cash flows:					
- Proceeds	495	–	34,935	–	35,430
- Repayment	(5,000)	(12)	(42,255)	–	(47,267)
Non-cash changes					
Effect of changes in foreign exchange rate	–	(2)	(1,700)	–	(1,702)
Balance at 31 May 2019	**1,994**	**26**	**217,637**	**–**	**219,657**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Registration No. 201230851R) is incorporated and domiciled in Singapore. The Company was admitted to the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 6 June 2013.

The principal place of business and registered office is at 25 Bukit Batok Street 22, Singapore 659591.

The principal activities of the Company are investment holding. The principal activities of its associates and subsidiaries are disclosed in Notes 18 and 19 respectively.

The Company's immediate and ultimate holding corporation is TEE International Limited, a company incorporated in Singapore. Related companies refer to companies controlled by TEE International Limited.

2 Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ($) which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, loan receivable from associates, bank loans, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the SFRS(I). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 June 2018.

These financial statements for the year ended 31 May 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 May 2018 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I) on 1 June 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 May 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented the statement of financial position as at 1 June 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The adjustments made by the Group on the adoption of SFRS(I) and the adoption of the new standards that are effective for annual financial period beginning on or after 1 June 2018 are disclosed below.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) and SFRS(I) 15 on the Group's financial position as at 1 June 2017 and 31 May 2018 and the Group's profit or loss and other comprehensive income and the Group's statement of cash flows for the year ended 31 May 2018.

Reconciliation of the Group's total comprehensive income reported in accordance with FRS to SFRS(I)

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 May 2018			
	FRS Framework	**SFRS(I) 1**	**SFRS(I) 15**	**SFRS(I) Framework**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	111,921	–	(2,760)	109,161
Cost of sales	(86,154)	–	922	(85,232)
Gross profit	25,767	–	(1,838)	23,929
Finance costs	(4,479)	–	(2,906)	(7,385)
Loss before tax	(4,679)	–	(4,744)	(9,423)
Tax (expense)/credit	(187)	–	611	424
Loss for the financial year	(4,866)	–	(4,133)	(8,999)
Total comprehensive loss for the financial year	(4,491)	–	(4,134)	(8,625)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Reconciliation of the Group's equity reported in accordance with FRS to SFRS(I)

Statement of financial position

	FRS Framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Framework $'000
As at 31 May 2018				
Current assets				
Trade receivables	21,688	–	(13,430)	8,258
Development properties	231,127	–	(33,400)	197,727
Contract assets	–	–	41,232	41,232
Completed properties and land held for sale	48,311	–	31	48,342
Non-current assets				
Deferred tax assets	3,116	–	1,227	4,343
Current liabilities				
Other payables	22,348	–	(3,382)	18,966
Contract liabilities	–	–	4,513	4,513
Equity				
Currency translation reserve	(302)	873	–	571
Accumulated profits	15,584	(873)	(4,811)	9,900
Non-controlling interests	11,856	–	(660)	11,196
As at 1 June 2017				
Current assets				
Trade receivables	18,571	–	(12,271)	6,300
Development properties	147,854		(18,802)	129,052
Contract assets	–	–	29,122	29,122
Non-current assets				
Deferred tax assets	2,947	–	614	3,561
Current liabilities				
Other payables	25,746	–	(3,879)	21,867
Contract liabilities	–	–	3,879	3,879
Equity				
Share capital				
Currency translation reserve	(873)	873	–	–
Accumulated profits	21,683	(873)	(1,099)	19,711
Non-controlling interests	15,144	–	(238)	14,906

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Reconciliation of the Group's statement of cash flows reported in accordance with FRS to SFRS(I)

Consolidated statement of cashflows

	Year ended 31 May 2018			
	FRS Framework $'000 (Restated)	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Framework $'000 (Restated)
Operating activities				
Loss before tax	(4,679)	–	(4,744)	(9,423)
Interest expenses	4,479	–	2,906	7,385
Operating cash flows before movements in working capital	12,729	–	(1,838)	10,891
Trade receivables	(2,984)	–	1,159	(1,825)
Contract asset	–	–	(12,110)	(12,110)
Development properties	(94,748)	–	11,691	(83,057)
Completed properties and land held for sale	13,956	–	(31)	13,925
Other payables	(3,131)*	–	497	(2,634)
Contract liabilities	–	–	634	634
Current translation adjustments	(73)	–	(2)	(75)
Cash generated from/(used in) operations	(67,397)*	–	–	(67,397)
Interest paid	(2,225)	–	2,225	–
Net cash from/(used in) operating activities	(72,353)*	–	(2,225)	(70,128)
Financing activities				
Interest paid	(4,774)	–	(2,225)	(6,999)
Loans from non-controlling interests	4,376*	–	–	4,376
Net cash from financing activities	38,928*	–	(2,225)	36,703

* The amount of $4,376,000 received from non-controlling interests in the previous financial year for the funding of property development projects have been reclassified from other payables in operating activities to loans from non-controlling interests in financing activities to conform to the current year's presentation. The details of the reclassification are as follow:

	Group		
	As previously reported $'000	Amount reclassified $'000	As reclassified $'000
Statement of cash flows			
For the financial year ended 31 May 2018			
Operating activities			
Other payable	1,245	(4,376)	(3,131)
Cash used in operations	(63,021)	(4,376)	(67,397)
Net cash used in operating activities	(67,977)	(4,376)	(72,353)
Financing activities			
Loans from non-controlling interests	–	4,376	4,376
Net cash from financing activities	34,552	4,376	38,928

The reclassification did not have any effect on the loss for the financial year ended 31 May 2018 and the consolidated statement of financial position as at 31 May 2018.

The adoption of SFRS (I) does not have any impact to the statement of financial position of the Company as at 1 June 2017, 31 May 2018 and 1 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

<u>*Explanatory notes to reconciliation*</u>

SFRS(I)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 June 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. Except as described below, the application of SFRS(I) did not have any significant impact on the financial statements.

Currency translation reserve

As permitted with the adoption of the new accounting framework SFRS(I), the Group elected the optional exemption to reset its cumulative currency translation differences for all foreign operations to $Nil on 1 June 2017. Accordingly, any gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative currency translation differences that arose before 1 June 2017. The Group has reclassified an amount of $873,000 in currency translation reserve to the opening accumulated profits as at 1 June 2017.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group and the Company adopted SFRS(I) 15 using the full retrospective approach. The Group and the Company have elected to apply the transition provisions under SFRS(I) 15 as at 1 June 2017 and, where applicable, have used the following practical expedients provided under SFRS (I) 15 as follows:

- contracts completed as at 1 June 2017 are not restated;
- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period; and
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

The impact upon the adoption of SFRS(I) 15 are described below.

With the adoption of SFRS(I) 15, the Group recognises revenue from sales of residential property or mixed-use development property over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method satisfies its performance obligation over time and it provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers.

Before 1 June 2018, the Group recognised revenue from sales of residential property or mixed-use development property by reference to the stage of completion of the development activity at the end of each reporting period based on the main contractors' contract costs incurred to-date compared to the total estimated main contractors' contract costs to complete the development. Under SFRS(I) 15, the Group recognised revenue from sales of residential property or mixed-use development property by reference to the stage of completion of the development activity at the end of each reporting period based on the main contractor's contract costs and other related costs incurred to-date compared to the total estimated main contractors' contract costs and other related costs to complete the development.

In addition, arising from the agenda decision issued by the IFRS Interpretation Committee (IFRIC) relating to the capitalisation of borrowing costs for the construction of a residential multi-unit estate development where revenue is recognised over time, the Group has ceased capitalisation of borrowing costs on its development properties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation *(cont'd)*

SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 June 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39.

At the date of initial application and 31 May 2019, the Group has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

(a) *Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 June 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

The changes in classification and measurement arising from adopting SFRS(I) 9 are loans and receivables including trade receivables, other receivables (excluding prepayments, capitalised contract costs, deferred show flat costs and options money for purchase of properties), loans receivable from associates and cash and cash equivalents as at 31 May 2018 that held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest are classified and measured as financial assets at amortised cost beginning 1 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

<u>*Explanatory notes to reconciliation*</u> *(cont'd)*

SFRS(I) 9 Financial Instruments (cont'd)

(a) *Classification and measurement (cont'd)*

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group and the Company's required or elected reclassifications as at 1 June 2018 upon adoption on SFRS(I) 9:

Group	**SFRS(I) 9 measurement category**	
	Original carrying amount	**Amortised cost**
	$'000	**$'000**
At 1 June 2018		
SFRS(I) 9 measurement category		
Loans and receivables		
Cash and cash equivalents	28,997	28,997
Trade receivables	8,258	8,258
Other receivables	15,321	15,321
Loans receivable from associates	14,376	14,376

Company	**SFRS(I) 9 measurement category**	
	Original carrying amount	**Amortised cost**
	$'000	**$'000**
At 1 June 2018		
FRS 39 measurement category		
Loans and receivables		
Cash and cash equivalents	858	858
Other receivables	137,402	137,402

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Explanatory notes to reconciliation (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(b) *Impairment*

SFRS(I) 9 requires the Group and Company to record expected credit losses on all of its financial assets at amortised cost either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's and the Company's financial assets at amortised cost. The accumulated profits remain unchanged as at 1 June 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with FRS 39 to the opening loss allowances determined in accordance with SFRS(I) 9:

	Allowance for impairment under FRS 39 as at 31 May 2018	Remeasurement	ECL under SFRS(I) 9 as at 1 June 2018
	$'000	$'000	$'000
Group			
Loans and receivables under FRS 39/Financial assets at amortised cost under SFRS(I) 9	3,561	–	3,561

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 May 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing FRS 17 "*Leases*". It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening accumulated losses as at 1 June 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $3,177,000 [Note 38(b)]. The Group expects to recognise right-of-use assets of approximately $1,882,000 and lease liabilities of approximately $1,882,000 on 1 June 2019.

The Group is currently finalising the quantum of the final transition adjustments, which may be different upon finalisation.

The standard substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases using existing operating lease accounting model. The Group does not expect any significant impact on the financial statements as a lessor. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(b) Revenue

Sales of development properties

The Group is in the business of constructing and developing residential and commercial properties. The Group recognises revenue either at a point in time or over time, depending on the contractual terms. For development properties where the Group is restricted contractually from directing the properties for another use and has enforceable right to payment for performance completed to-date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

For development properties where the Group does not have enforceable right to payment with commensurates with performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

Progress billings to customer are based on a payment schedule in the contract and are based upon achievement of specified construction milestones. Payment is typically due within two weeks. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payment from the customer. Contract assets are transferred to receivables when the right to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

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

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred. The Group has elected to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

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

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

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(b) Revenue (cont'd)

Revenue from hotel operations

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

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(d) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary company attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific FRS.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(e) Associates

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(e) Associates (cont'd)

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

For financial statements of the associate which are prepared as of the same reporting date of the Group, the most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year.

In the Company's financial statements, investment in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(f) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss. The assets are not depreciated or amortised while they are classified as held for sale.

(g) Property, plant and equipment

Land and buildings are initially recorded at cost. Freehold land is subsequently stated at cost less any impairment in value.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(g) Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on freehold land. Leasehold building is amortised evenly over the term of the lease.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Building on freehold land	25 to 40
Computer	3
Renovation	5
Motor vehicles	3 to 5
Machinery and tools	3 to 5
Office equipment	2 to 6

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(h) Investment properties

Investment properties are those properties that are held to earn rental income and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers (the "valuers") on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Impairment of non-financial assets

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(i) Impairment of non-financial assets (cont'd)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Development properties/completed properties and land held for sale

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties stated at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the property.

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

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using first-in, first-out method. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(l) Financial assets

The accounting policy for financial assets before 1 June 2018 are as follows:

Classification

The Group classifies its financial assets in the following categories: loans and receivable. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables" (excluding prepayments, deferred sales commission expenses, deferred show flat costs and options money for purchase of properties), "loans receivable from associates" and "cash and bank balances" on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

The accounting policy for financial assets before 1 June 2018 are as follows (cont'd):

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

Offset

Financial assets and liabilities are offset and the net amount presented at the end of the reporting period only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policy for financial assets from 1 June 2018 onwards are as follows:

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

The accounting policy for financial assets from 1 June 2018 onwards are as follows (cont'd):

Classification and measurement

The Group classifies all its financial assets at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets include cash and cash equivalents, loans receivable from associates, trade receivables, other receivables (excluding prepayments, deferred show flat costs, capitalised contract costs and options money for purchase of properties). The Group's financial assets are measured at amortised costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

Impairment (cont'd)

The accounting policy for financial assets from 1 June 2018 onwards are as follows (cont'd):

The Group considers significant increase in risk of default on a financial guarantee contract when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without considering recourse by the Group to actions such as realising security (if any is held).

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(m) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged fixed deposits and bank balance.

(n) Financial liabilities

Financial liabilities include trade payables, other payables (excluding provision for unutilised annual leave, advance received from customers and rental and security deposits), bank loans, finance lease, borrowings, term notes and financial guarantee liabilities.

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(o) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(p) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage time is recognised as a finance cost in profit or loss.

(q) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(r) Leases

When Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding leases liabilities, net of finance charges, are included in finance leases. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the assets or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to leases) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(s) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(t) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(u) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(v) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(v) Income taxes (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

(w) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") who is Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about allocating resources and assessing performance of the operating segments.

(y) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2 Summary of significant accounting policies (cont'd)

(y) Foreign currencies (cont'd)

Translation of Group entities' financial statements

The financial performance and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

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

On disposal of a foreign group/entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the paragraphs below).

Non-current asset held for sale

As disclosed in Note 17, freehold land and building on freehold land of Larmont Hotel Sydney ("Larmont Assets") was presented as non-current asset held for sale following the decision of the Group's management and directors on 26 July 2016 to sell the hotel in Australia and the Group's active marketing for sale since that date. Despite ongoing negotiations with potential buyers, the Group has not been able to conclude on the sale of the Larmont Assets.

Since the Larmont Assets no longer meets the classification as non-current asset held for sale, and in compliance with SFRS(I) 5 *Non-current assets held for sale and discontinued operations*, the Group has reclassified Larmont Assets from non-current assets held for sale to property, plant and equipment (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

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

Key sources of estimation uncertainty

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

Revenue from sales of development properties

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

The determination of the estimated total construction and other costs to be incurred require significant management judgement and estimates, which may have an impact on the amounts of revenue and profits recognised during the year.

The estimated total construction and other costs to be incurred are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the Group's other similar construction contracts for the past 3 to 5 years. Any changes to the estimated total construction and other costs to be incurred can have a significant impact to the amount of contract costs allocated to the development properties sold.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Any future change in variable consideration can have a significant impact to the amount of contract revenue recorded in current financial year.

Development properties/completed properties and land held for sale

Development properties, completed properties and land held for sale are stated at lower of cost and estimated net realisable value, assessed on an individual property basis.

The determination of the net realisable values of these properties are dependent upon the management's estimates of future demand and selling prices of these properties. Management performs cost analysis for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, the prevailing property market conditions, estimated future demand and selling price of completed properties and land held for sale. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

Management also compared the carrying amounts of the properties to the open market values estimated by valuers to determine whether a write-down is required for those properties with slower-than-expected sales or with low or negative margins.

The process of evaluating the net realisable value of each property is subject to management judgment and the effect of assumptions in respect of the development plan, timing of sales, current market prices of the properties involved or of comparable properties and the prevailing property market conditions.

The carrying amounts of the Group's development properties and completed properties and land held for sale are disclosed in Notes 15 and 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Valuation of investment properties

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

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

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuers have appropriate recognised professional qualifications and their estimates are reflective of current market conditions at the end of the reporting period. The carrying amount of investment properties are disclosed in Note 21.

Impairment of investment in associates and subsidiaries

The Group has significant interests in associates. The associates of the Group are mainly involved in the business of property development. Management exercises their judgement in estimating recoverable amounts of its investment in associates of the Group and subsidiaries of the Company.

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

The carrying amounts of the Group's investment in associates and the Company's investment in subsidiaries are disclosed in Notes 18 and 19 respectively.

Calculation of allowance for impairment loss for financial assets at amortised cost and financial guarantee contracts

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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 historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on financial assets at amortised costs and financial guarantee contracts is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of financial assets at amortised costs and financial guarantee contracts. Details of ECL measurement and carrying values of financial assets are amortised costs and financial guarantees at the reporting date are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

4 Revenue

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Revenue from sales of development properties	**90,808**	99,501
Revenue from hotel operations	**7,310**	7,178
Rental income	**2,402**	2,482
	100,520	109,161

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market, major product or service lines and timing of revenue recognition.

	Sales of development properties		Hotel operations		Rental income		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
		(Restated)						(Restated)
Primary geographical markets								
Singapore	**77,879**	57,598	**–**	–	**1,204**	1,204	**79,083**	58,802
Malaysia	**12,493**	41,371	**–**	–	**–**	–	**12,493**	41,371
Australia	**–**	–	**7,310**	7,178	**–**	–	**7,310**	7,178
New Zealand	**–**	–	**–**	–	**1,198**	1,278	**1,198**	1,278
Vietnam	**436**	532	**–**	–	**–**	–	**436**	532
	90,808	99,501	**7,310**	7,178	**2,402**	2,482	**100,520**	109,161
Major product or service line								
Sales of residential and mixed-use properties	**90,372**	98,969	**–**	–	**–**	–	**90,372**	98,969
Sales of land held for sale	**436**	532	**–**	–	**–**	–	**436**	532
Hotel operation income	**–**	–	**7,310**	7,178	**–**	–	**7,310**	7,178
Rental income	**–**	–	**–**	–	**2,402**	2,482	**2,402**	2,482
	90,808	99,501	**7,310**	7,178	**2,402**	2,482	**100,520**	109,161
Timing of revenue recognition								
At a point in time	**436**	532	**331**	634	**–**	–	**767**	1,166
Over time	**90,372**	98,969	**6,979**	6,544	**2,402**	2,482	**99,753**	107,995
	90,808	99,501	**7,310**	7,178	**2,402**	2,482	**100,520**	109,161

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

4 Revenue (cont'd)

Transaction price allocated to remaining performance obligation

Revenue recognised during the year ended 31 May 2019 that was included in the contract liabilities balance at the beginning of the year was $1,428,000 (2018: $635,000).

The Group expects to recognise $29,081,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 May 2019 in the financial year 2020, with the remaining $5,083,000 after the financial year 2020.

Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

– The performance obligation is part of a contract that has an original expected duration for one year or less, or

– The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date. As permitted under SFRS(I) 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract assets and contract liabilities

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for development property units sold. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development property units. The advances from customers are based on the billing schedule as established in the contracts. Contract liabilities are recognised as revenue as the Group performs under the contract.

Information relating to contract balances arising from contracts with customers is disclosed as follows:

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Contract assets	**34,682**	41,232	29,122
Contract liabilities	**(5,387)**	(4,513)	(3,879)

The changes in contract assets are due to the differences between the agreed payment schedule and progress of the construction work.

There were no significant changes in the contract liability balances at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

5 Other operating income

	Group	
	2019	2018
	$'000	$'000
Interest income	**349**	827
Gain on disposal of property, plant and equipment	**30**	–
Foreign currency exchange gain	**–**	965
Dividend income	**–**	544
Gain on disposal of stock dividend	**–**	160
Amortisation of financial guarantee liabilities (Note 28)	**186**	255
Management fee income	**88**	138
Deposit forfeited for aborted sale of a completed property	**316**	–
Others	**384**	244
	1,353	3,133

6 Other operating expenses

	Group	
	2019	2018
	$'000	$'000
Foreign currency exchange loss	**1,026**	–
Completed properties and land held for sale written down	**542**	1,684
Property, plant and equipment written off (Note 20)	**–**	10
Non-current asset held for sale written off (Note 17)	**–**	82
Impairment loss on investment in associates (Note 18)	**3,600**	7,568
Fair value loss on investment properties (Note 21)	**2,191**	1,495
Impairment loss on trade receivables (Note 40(b))	**5**	6
Impairment loss on other receivables (Note 40(b))	**181**	181
Impairment loss on loans receivable from associates (Note 14)	**665**	–
Additional buyer's stamp duty	**728**	–
Option fee forfeited for aborted purchase of land	**420**	–
	9,358	11,026

7 Finance costs

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Interest on borrowings	**8,036**	7,379
Interest on bank overdraft	**–**	4
Interest on finance lease	**1**	2
	8,037	7,385

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

8 Loss before tax

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Loss before tax is arrived at after charging/(crediting):		
Audit fees paid to:		
- auditor of the Company	**114**	101
- other auditors*	**81**	70
- (over)/under provision in respect of prior year		
- auditor of the Company	**24**	21
- other auditors	**(29)**	19
Non-audit fees:		
- auditor of the Company	**41**	40
- other auditors*	**51**	49
- over provision in respect of prior year	**(3)**	(7)
Directors' fee	**294**	294
Directors' remuneration:		
- directors of the Company	**148**	453
- directors of the subsidiaries	**266**	67
Employee benefits expense (including directors' remuneration)	**4,405**	5,079
Rental expenses	**–**	118
Depreciation of property, plant and equipment (Note 20)	**2,135**	387
Remeasurement adjustment of non-current asset held for sale (Note 20)	**2,872**	–
Amortisation of capitalised contract costs (Note 13)	**3,800**	5,565
Amortisation of show flat expenses	**433**	514
Amortisation of term notes	**–**	61
Costs of defined contribution plans included in employee benefits expense	**165**	190

* Other auditors include independent member firms of Baker Tilly International network.

9 Tax credit

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Income tax		
- Current year	**109**	1,069
- Over provision in prior years	**(268)**	(1,645)
Deferred income tax		
- Current year (Note 22)	**(576)**	(154)
- Under provision in prior year	**374**	17
Foreign tax expenses	**30**	289
	(331)	(424)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

9 Tax credit (cont'd)

The income tax credit on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Loss before tax	**(26,154)**	(9,423)
Share of results of associates	**792**	(2,838)
Loss before tax exclude share of results of associates	**(25,362)**	(12,261)
Tax at the domestic income tax rate of 17% (2018: 17%)	**(4,312)**	(2,084)
Expense not deductible for tax purpose	**1,837**	2,855
Deferred tax assets not recognised	**2,645**	282
Singapore statutory stepped income exemption	**(26)**	(81)
Foreign tax expenses	**30**	289
Effect of different tax rates in other countries	**(477)**	124
Under/(over) provision in prior years	**106**	(1,628)
Others	**(134)**	(181)
	(331)	(424)

10 Loss per share

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company is based on the following data:

	Group	
	2019	2018
		(Restated)
Net loss attributable to the equity holders of the Company ($'000)	**(23,840)**	(8,694)
Number of ordinary shares outstanding for basic and diluted loss per share ('000)	**446,876**	446,876
Basic and diluted loss per share (cents per share)	**(5.33)**	(1.95)

There are no dilutive ordinary shares for 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

11 Cash and cash equivalents

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Group			
Cash at banks	**3,709**	3,796	21,501
Cash on hand	**2**	2	1
Fixed deposits	**2,944**	3,159	2,167
Project accounts			
- Cash at banks	**18,366**	20,035	6,380
- Fixed deposits	**–**	2,005	4,019
	25,021	28,997	34,068
Company			
Cash at banks	**457**	856	1,827
Fixed deposits	**2**	2	2
	459	858	1,829

Fixed deposits bear interest rate ranging from 0.50% to 6.70% (31.5.2018: 0.50% to 5.20%; 1.6.2017: 0.50% to 3.85%) per annum and mature within 6 months (31.5.2018: 6 months; 1.6.2017: 9 months) from the end of the reporting period.

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

12 Trade receivables

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Third parties	**15,543**	6,251	5,316
Related parties	**2,193**	2,013	984
Less: Impairment loss on trade receivables (Note 40(b))	**(11)**	(6)	–
	17,725	8,258	6,300

The average credit period given to customers is 14 to 30 days (31.5.2018: 14 to 30 days; 1.6.2017: 14 to 30 days). No interest is charged on the outstanding trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

13 Other receivables

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Group			
Current			
Associates	**33**	102	88
Bank interest receivable	**–**	–	12
Deferred show flat costs	**2,109**	129	131
Deposits	**739**	231	255
Former joint developer	**–**	–	21
Holding company	**204**	1,675	1,567
Interest receivable	**1,828**	1,959	3,597
Non-controlling interests	**1,113**	1,114	1,115
Option money paid for purchase of properties	**3,374**	3,374	3,374
Prepayments	**803**	945	612
Third parties	**1,632**	10,421	1,477
Related parties	**58**	–	–
	11,893	19,950	12,249
Less: Impairment loss on other receivables (Note 40(b))	**(3,736)**	(3,555)	(3,374)
	8,157	16,395	8,875
Capitalised contract costs	**1,240**	2,827	3,410
	9,397	19,222	12,285
Non-current			
Loan to former joint developer	**–**	–	6,000
	9,397	19,222	18,285
Company			
Current			
Interest receivable	**980**	583	251
Prepayments	**15**	166	18
Subsidiaries	**110,409**	126,026	142,148
Third parties	**140**	84	32
	111,544	126,859	142,449
Less: Impairment loss on other receivables (Note 40(b))	**(667)**	–	–
	110,877	126,859	142,449
Non-current			
Subsidiaries	**13,229**	10,709	3,830
	124,106	137,568	146,279

Movements in capitalised contract costs relating to development properties are as follows:

	2019	2018
	$'000	$'000
At beginning of year	**2,827**	3,410
Additions	**2,213**	4,982
Amortisation	**(3,800)**	(5,565)
At end of year	**1,240**	2,827

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

13 Other receivables (cont'd)

The amounts due from associates, former joint developer (current portion), holding company, related parties and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

The amount of $3,374,000 was for an option to acquire 26 plots of land located in Mukim Klang, Daerah Klang Negeri Selangor, Malaysia from a third party (the "Seller"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller and assessed and determined that the option money may not be collectible. Accordingly, impairment loss on other receivable has been provided for this option money amount since the financial year ended 31 May 2015. In 2019, management reassessed that the option money may still be uncollectible and hence remain as receivable net of impairment loss at the end of the reporting period.

The Company's current receivables from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand except for amount of $Nil (31.5.2018: $3,872,000; 1.6.2017: $Nil) which bears interest rate at Nil (31.5.2018: 11.50%; 1.6.2017: Nil) per annum.

The Company's non-current receivables from subsidiaries are non-trade in nature, unsecured, bears interest rate at 5.00% (31.5.2018: 5.00%; 1.6.2017: 5.00%) per annum and expected to be repaid upon completion of the development project held by the subsidiary.

The fair value of non-current other receivables is computed based on cash flow discounted at market borrowing rate of 5.00% (31.5.2018: 5.00%; 1.6.2017: 5.00%) per annum. The fair value measurement is categorised within level 3 of the fair value hierarchy.

In FY2018, included in amounts receivable from third parties were:

(a) An amount of $8,421,000 being the amount receivable from the exercise of the call option by the Purchaser on the Option Shares in Chewathai Public Company Limited ("Chewathai"). The Purchaser, Chartchewa Company Limited, is the buyer of the Group's entire shareholding interest in the capital of Chewathai ("Chewathai Shares"), the Group's associate in Thailand. The Option Shares represents 151,119,300 Chewathai Shares for which the Purchaser had exercised call option on 28 May 2018. The amount of $8,421,000 has been fully repaid in August 2018.

(b) An amount of $646,000 being the amount receivable for the Distribution Shares, payable by the Purchaser. The Distribution Shares were the stock dividend declared by Chewathai before the exercise of the call option by the Purchaser, for which the Purchaser was obligated to purchase at the same price as the Chewathai Shares. The amount of $646,000 has been fully repaid in August 2018.

In FY2017, non-current loan to former joint developer was unsecured and repayable 12 months after the reporting date. The non-current loan to former joint developer bore floating interest of 1.1% per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% per annum at 31 May 2017. The loan has been fully repaid in September 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

14 Loans receivable from associates

	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000
Group			
Loans receivable from associates	**11,504**	14,376	25,860
Less: Impairment loss on loans receivable from associates (Note 40(b))	**(665)**	–	–
	10,839	14,376	25,860
Company			
Loans receivable from associates	**–**	–	2,883

Loans receivable from associates are unsecured, interest-free and expected to be repaid upon completion of the development project held by the associates except for amounts of $1,231,000 (31.5.2018: $6,345,000; 1.6.2017: $18,627,000) which bear interest rate at 5.00% (31.5.2018: 5.00%, 1.6.2017: 4.00% to 5.00%) per annum.

The fair values of the Group's and the Company's loans receivable from associates approximate their carrying amounts at the end of the reporting period.

15 Development properties

Property under development, units for which revenue is recognised over time

	Group		
	31.5.2019 $'000	31.5.2018 $'000 (Restated)	1.6.2017 $'000 (Restated)
Land and land related costs	**167,420**	169,003	98,364
Development costs	**8,463**	28,724	30,688
	175,883	197,727	129,052

Details of the Group's development properties as at 31 May 2019 are as follows:

Name of property/Location	Description	Tenure	Estimated percentage of completion	Year to be completed/ Expected completion	Land area (sq m)	Gross floor area (sq m)	Group's interest in property (%)
183 Longhaus 183 Upper Thomson Road, Singapore	40 units of residential apartments and 10 commercial units	Freehold	96%	31 July 2019	1,576	4,727	100
Rezi 35 Geylang Lorong 35, Singapore	44 units of residential apartments	Freehold	46%	Fourth quarter 2019 α	1,115	3,121	51
Lattice One 1 Seraya Crescent, Singapore	48 units of residential apartments	Freehold	*	Second quarter 2021 α	2,477	3,468	100
35 Gilstead 35 Gilstead Road, Singapore	70 units of residential apartments	Freehold	5%	Second quarter 2021 α	3,538	4,953	60

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

α Standard calendar year quarters.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

15 Development properties (cont'd)

Development properties have operating cycles longer than one year and are intended for sale in the Group's normal operating cycle. Accordingly, the development properties are classified as current assets.

Development properties were pledged to banks to secure the bank loans and long-term borrowings granted to the Group as disclosed in Note 27.

Development properties recognised as "cost of sales" amounted to $44,522,000 (2018: $67,799,000) during the year.

16 Completed properties and land held for sale

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Balance at beginning of the year	**54,618**	52,176
Additions	**534**	–
Transferred from development properties	**26,416**	16,398
Recognised as an expense in the cost of sales	**(34,333)**	(13,956)
Exchange differences	**(209)**	–
	47,026	54,618
Less: Written down	**(4,052)**	(6,276)
Balance at end of the year	**42,974**	48,342

Details of the Group's completed properties and land held for sale as at 31 May 2019 are as follow:

Name of Property/location	Description	Tenure	Land area (sq m)	Gross floor area (sq m)	Group's interest in property (%)
31 Harvey Avenue, Singapore	1 unit of 3-storey house	Freehold	515	723	100
The Peak @ Cairnhill I 51 Cairnhill Circle, Singapore	2 units of residential apartments	Freehold	978	256	100
Third Avenue Jalan Teknokrat 3 Cyberjaya, Selangor, Malaysia	4 units of residential apartments, 3 commercial units and 1 office block	Freehold	24,085	20,725	100
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	28 plots of lands	Freehold	6,029	–	65

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

16 Completed properties and land held for sale (cont'd)

The Group writes down its properties to estimated net realisable value taking into account estimated net realisable values of the properties by reference to comparable properties, location and property market conditions. Write-down was made on certain properties due to the weakening market conditions of these properties.

The completed properties and land held for sale of $11,417,000 (31.5.2018: $35,605,000, 1.6.2017: $43,850,000) is pledged to banks to secure the long-term borrowings granted to the Group as disclosed in Note 27.

Completed properties recognised as "cost of sales" amounted to $34,333,000 (2018: $13,956,000) during the year.

17 Non-current asset held for sale

	Group	
	2019	2018
	$'000	$'000
Balance at beginning of the year	**47,617**	47,481
Reclassified to property, plant and equipment	**(47,617)**	–
Additions	**–**	1,067
Written off	**–**	(82)
Exchange difference	**–**	(849)
Balance at end of the year	**–**	47,617

Following the approval of the Group's management and directors on 26 July 2016 to sell the two hotels in Australia, the freehold land and building on freehold land were classified as "non-current assets held for sale" in the consolidated statement of financial position. One of the hotels was sold in financial year 2017.

The Group is actively marketing for sale of the remaining Larmont Hotel since the date of reclassification to non-current asset held for sale in financial year 2017. The sale has not been completed as at the end of the reporting period.

Since the Larmont Hotel no longer meets the classification as non-current asset held for sale, and in compliance with SFRS(I) 5 *Non-current assets held for sale and discontinued operations*, the Group has reclassified Larmont Hotel from non-current asset held for sale to the property, plant and equipment (Note 20). A remeasurement adjustment of $2,872,000 (Note 20) have been included in the "administrative expenses" in the Group's profit or loss for the year ended 31 May 2019.

At 31 May 2018 and 1 June 2017, details of the Group's non-current asset held for sale are as follows:

Address of properties	**Tenure of property**	**Existing use**	**Gross floor area (sq m)**	**Group's effective interest (%)**
Larmont Hotel Sydney 2-14 Kings Cross Road, Potts Point, New South Wales, 2011, Australia	Freehold	Hotel operations	4,876	55

In FY2017 and FY2018, the non-current asset held for sale was pledged to banks to secure the long-term borrowings granted to the Group (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Quoted equity shares, at cost	**–**	–	9,875
Unquoted equity shares, at cost	**1,724**	1,724	2,174
Share of post-acquisition profit, net of dividend received	**2,800**	5,723	22,454
	4,524	7,447	34,503
Deemed cost of investment	**4,756**	4,756	5,766
Impairment on investment in associates	**(3,871)**	(271)	–
	5,409	11,932	40,269

Deemed cost of investment is the fair value of financial guarantee on initial recognition provided by the Group to secure banking facilities of the associates.

Details of the Group's associates at 31 May 2019 are as follow:

Name of associate/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
Unique Development Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Unique Realty Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Residenza Pte. Ltd. (3) Singapore	Development of real estate	**32.0**	32.0	32.0
Unique Consortium Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Development 26 Pte. Ltd. (3) Singapore	Development of real estate	**45.0**	45.0	45.0
Unique Capital Pte. Ltd. (3) Singapore	Development of real estate	**20.0**	20.0	20.0
Chewathai Public Company Limited (2) *(formerly known as Chewathai Limited)* Thailand	Development of real estate	**–**	–	31.9
Development 32 Pte. Ltd. (3) Singapore	Development of real estate	**45.0**	45.0	45.0
Unique Commercial Pte. Ltd. (1) Singapore	Development of real estate	**35.0**	35.0	35.0
Wealth Development Pte. Ltd. (3) Singapore	Development of real estate	**30.0**	30.0	30.0
Unique Wellness Pte. Ltd. (4) Singapore	Dormant	**–**	20.0	20.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

Name of associate/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
Held by Chewathai Public Company Limited				
Chewathai Hup Soon Limited [(2)] Thailand	Development of real estate	**–**	–	15.9
Chewathai Interchange Co., Ltd [(2)]	Development of real estate	**–**	–	31.9

(1) Audited by Baker Tilly TFW LLP, Singapore

(2) Audited by Ernst & Young Office Limited, Thailand

(3) Audited by Ernst & Young LLP, Singapore

(4) Company had been struck off during the financial year 2019

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

Movement in allowance for impairment loss is as follows:

	Group	
	2019	2018
	$'000	$'000
Balance at beginning of the year	**271**	–
Allowance made	**3,600**	7,568
Reversal of allowance upon disposal of an associate	**–**	(7,297)
Balance at end of the year	**3,871**	271

During the financial year, management performed an impairment assessment on the investment in associates (excluding Chewathai Public Company Limited). An impairment loss of $3,600,000 (31.5.2018: $271,000) was recognised to write down the investments in certain associates to their recoverable amounts of $1,570,000. The recoverable amount was determined based on its fair value less cost to sell, which represented its adjusted net assets value taking into account the fair value of underlying assets and liabilities of these associates. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

In 2018, by an extraordinary general meeting held on 24 January 2018, the Group disposed of its entire shareholding interest of 239,119,300 ordinary shares in the capital of Chewathai, an associate of the Group (Note 13). The selling price per share was Baht 1.33, being negotiated at arms-length and arrived at on a "willing-buyer, willing-seller" basis, taking into account, *inter alia*, the market capitalisation and net asset value of Chewathai as at 30 September 2017.

The disposal was in two tranches as follows:

1. 88,000,000 ordinary shares in Chewathai was sold on 26 January 2018; and

2. the remaining 151,119,300 ordinary shares in Chewathai was sold upon the exercise of a call option by the purchaser on 28 May 2018 (Note 13).

The disposal of Chewathai was completed on 28 May 2018. An impairment loss on investment in Chewathai amounting to $7,297,000 was recorded in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

In 2017, the fair value of quoted equity shares of Chewathai was Thai Baht 318,030,000 (equivalent to $12,944,000) based on quoted bid prices in an active market on 31 May 2017. The fair value measurement was classified with Level 1 of the fair value hierarchy.

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

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Total assets	**135,722**	179,633	445,079
Total liabilities	**(118,285)**	(151,207)	(319,784)
Net assets	**17,437**	28,426	125,295
Group's share of associates' net assets	**4,524**	7,447	34,502
Revenue	**5,290**	121,106	135,351
(Loss)/profit for the year	**(3,883)**	8,125	(10,383)
Group's share of associates' results for the year	**(792)**	2,838	(2,090)
Dividend received	**2,131**	9,930	6,535

The Group has not recognised its share of losses amounting to $476,000 (2018: $Nil) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $476,000 (31.5.2018: $Nil; 1.6.2017: $169,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with financial reporting standards and includes adjustments by the Group to align with the Group's accounting policy for equity accounting purposes. Summarised and reconciliation of the financial information in respect of each of the Group's material associates is set out below:

	Unique Development Pte. Ltd.	Unique Realty Pte. Ltd.	Residenza Pte. Ltd.	Unique Consortium Pte. Ltd.	Unique Capital Pte. Ltd.	Development 26 Pte. Ltd.	Development 32 Pte. Ltd.	Wealth Development Pte. Ltd.	Unique Commercial Pte. Ltd.
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31.5.2019									
Summarised statement of financial position									
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	20.0%	45.0%	45.0%	30.0%	35.0%
Current assets	3,075	2,449	2,124	23,792	21	276	5,474	30,562	51,973
Non-current assets	943	–	–	1,723	13,159	–	–	–	151
Current liabilities	(687)	(391)	(825)	(5,335)	(8)	(109)	(1,203)	(9,454)	(6,027)
Non-current liabilities	–	(93)	–	(17,136)	(5,527)	(420)	(661)	(22,000)	(48,409)
Net assets/(liabilities)	3,331	1,965	1,299	3,044	7,645	(253)	3,610	(892)	(2,312)
Group's share of net assets	666	393	416	609	1,529	–	1,624	(267)	(446)
Deemed cost of investment	1,054	610	201	694	707	300	305	439	446
Impairment loss	(1,054)	(610)	(201)	(694)	(707)	(300)	(305)	–	–
Carrying amount of the Group's interest in associates	666	393	416	609	1,529	–	1,624	172	–
Summarised statement of profit or loss and total comprehensive income									
Revenue	–	2,550	–	–	–	–	–	–	2,740
Profit/(loss) for the year and total comprehensive (loss)/income for the year	52	(388)	(218)	(89)	(205)	(317)	(170)	(741)	(1,807)

NOTES TO THE FINANCIAL STATEMENTS

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18 Investment in associates (cont'd)

	Unique Development Pte. Ltd. $'000	Unique Realty Pte. Ltd. $'000	Residenza Pte. Ltd. $'000	Unique Consortium Pte. Ltd. $'000	Unique Capital Pte. Ltd. $'000	Development 26 Pte. Ltd. $'000	Chewathai Public Limited and its subsidiaries $'000	Development 32 Pte. Ltd. $'000	Wealth Development Pte. Ltd. $'000	Unique Commercial Pte. Ltd. $'000
31.5.2018										
Summarised statement of financial position										
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	20.0%	45.0%	–	45.0%	30.0%	35.0%
Current assets	5,074	3,066	9,950	29,304	21	350	–	9,160	37,165	57,856
Non-current assets	946	–	–	13,546	13,112	–	–	–	–	83
Current liabilities	(1,541)	(642)	(2,524)	(21)	(8)	(286)	–	(1,801)	(10,317)	(7,233)
Non-current liabilities	–	(72)	–	(39,696)	(5,276)	–	–	(3,578)	(27,000)	(51,210)
Net assets/ (liabilities)	4,479	2,352	7,426	3,133	7,849	64	–	3,781	(152)	(504)
Group's share of net assets	896	470	2,376	627	1,570	29	–	1,701	(46)	(176)
Deemed cost of investment	1,054	610	201	694	707	300	–	304	440	446
Impairment loss	–	–	–	–	–	(271)	–	–	–	–
Carrying amount of the Group's interest in associates	1,950	1,080	2,577	1,321	2,277	58	–	2,005	394	270
Summarised statement of profit or loss and total comprehensive income										
Revenue	1,797	8,560	–	–	–	–	76,828	945	8,258	24,718
(Loss)/profit for the year and total comprehensive (loss)/income for the year	(17)	1,863	(70)	(2,914)	(404)	1,084	8,058	895	(349)	(21)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18 Investment in associates (cont'd)

	Unique Development Pte. Ltd. $'000	Unique Realty Pte. Ltd. $'000	Residenza Pte. Ltd. $'000	Unique Consortium Pte. Ltd. $'000	Unique Capital Pte. Ltd. $'000	Development 26 Pte. Ltd. $'000	Chewathai Public Limited and its subsidiaries $'000	Development 32 Pte. Ltd. $'000	Wealth Development Pte. Ltd. $'000	Unique Commercial Pte. Ltd. $'000
1.6.2017										
Summarised statement of financial position										
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	20.0%	45.0%	31.9%	45.0%	30.0%	35.0%
Current assets	9,118	17,884	10,395	42	52	4,149	158,749	32,162	52,670	53,488
Non-current assets	944	–	–	69,474	13,172	–	22,678	–	–	103
Current liabilities	(2,666)	(7,818)	(2,638)	(24)	(9)	(3,169)	(97,455)	(3,970)	(52,472)	(5,665)
Non-current liabilities	–	(77)	(260)	(28,445)	(4,962)	–	(36,436)	(25,307)	–	(48,410)
Net assets/ (liabilities)	7,396	9,989	7,497	41,047	8,253	980	47,536	2,885	198	(484)
Group's share of net assets	1,479	1,998	2,399	8,209	1,651	441	16,968	1,298	59	–
Deemed cost of investment	1,054	610	201	691	707	300	1,185	304	335	379
Carrying amount of the Group's interest in associates	2,533	2,608	2,600	8,900	2,358	741	18,153	1,602	394	379
Summarised statement of profit or loss and total comprehensive income										
Revenue	9,638	–	–	–	–	–	29,955	33,223	62,535	–
(Loss)/profit for the year and total comprehensive (loss)/income for the year	(2,407)	(592)	(336)	(7,983)	(1,029)	(48)	410	619	1,080	(97)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries

	Company		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	**30,178**	30,178	28,979
Impairment loss	**(2,117)**	(1,253)	(532)
Deemed cost of investment	**4,385**	3,936	4,549
	32,446	32,861	32,996

Deemed cost of investment is the fair value of financial guarantees on initial recognition provided by the Company to secure banking facilities of certain subsidiaries (Note 27). The full amount of the financial guarantee fee is deemed to be additional investment in subsidiaries.

Movement in the allowance for impairment loss is as follows:

	Company	
	2019	2018
	$'000	$'000
Balances at beginning of the year	**1,253**	532
Allowance made	**864**	721
Balance at end of the year	**2,117**	1,253

During the financial year, management performed an impairment assessment on the Company's investment in subsidiaries. An impairment loss of $864,000 (2018: $721,000, 2017: $532,000) was recognised to write down the investments in certain subsidiaries to their recoverable amounts of $1,183,000 (2018: $1,499,000, 2017: $455,000). The recoverable amount was determined based on its fair value less cost to sell, which represented its adjusted net assets value taking into account the fair value of underlying assets and liabilities of these subsidiaries. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

Details of the Company's subsidiaries at 31 May 2019 are as follows:

Name of subsidiary/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
TEE Realty Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100
Development 83 Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100
TEE Property Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**100**	100	100
TEE Homes Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100
TEE Development Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100
Development 72 Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100

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For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries at 31 May 2019 are as follows (cont'd):

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
TEE Industrial Pte. Ltd. [1] Singapore	Real estate activities with owned property	**100**	100	100
Development 16 Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**100**	100	100
TEE Ventures Pte. Ltd. [1] Singapore	Development of real estate	**100**	100	100
TEE Hospitality Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**100**	100	100
Development 35 Pte. Ltd. [1] *(formerly known as TEE Vista Pte. Ltd.)* Singapore	Development of real estate	**51**	51	51
TEE Vista Pte. Ltd. [1] *(formerly known as Ley Choon Development Pte Ltd)* Singapore	Development of real estate	**100**	100	100
TEE Forward Pte. Ltd. [1] Singapore	Development of real estate	**60**	60	–
Held by TEE Property Pte. Ltd.				
Viet-TEE Company Limited [2] Vietnam	Development of real estate	**65**	65	65
TEE Resources Sdn. Bhd. [3] Malaysia	Development of real estate	**100**	100	100
Klang City Development Pte. Ltd. [1] Singapore	Development of real estate and investment holding	**60**	60	60
Held by Klang City Development Pte. Ltd.				
Menara Jutamas Sdn. Bhd. [6] Malaysia	Development of real estate	**60**	60	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries at 31 May 2019 are as follows (cont'd):

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
Held by TEE Hospitality Pte. Ltd.				
TEE Oceania Pte Limited [(4)] New Zealand	Investment holding	**100**	100	100
JPJ Properties Pty Ltd # Australia	Hotel operations	**55**	55	55
Potts Point Hospitality Pty Ltd [(5)] Australia	Hotel operations	**55**	55	55
Teematic Private Limited [(4)] New Zealand	Investment holding	**75.1**	75.1	75.1
Held by Teematic Private Limited				
Workotel Limited [(4)] New Zealand	Rental accommodation operations	**75.1**	75.1	75.1

(1) Audited by Baker Tilly TFW LLP, Singapore

(2) Audited by Baker Tilly A&C, Vietnam

(3) Audited by Baker Tilly Monteiro Heng, Malaysia

(4) Audited by Baker Tilly Staples Rodway, New Zealand

(5) Audited by Baker Tilly Pitcher Partners, Australia

(6) Audited by Tee & Partners, Malaysia

JPJ Properties Pty Ltd had been deregistered on 7 August 2019

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

All the shares in a subsidiary, TEE Resources Sdn. Bhd. have been pledged as a security in connection with a loan from a substantial shareholder (Note 27). The pledge has been discharged subsequent to the end of the financial year.

Incorporation of TEE Forward Pte. Ltd.

On 6 November 2017, the Company incorporated a new subsidiary, TEE Forward Pte. Ltd. ("TEE Forward") with a paid-up share capital of one share at $1.00. On 4 December 2017, TEE Forward increased its paid-up share capital to 100 shares of $1.00 each, allotting 59 shares to the Company, 30 shares to TG (2013) Pte Ltd ("TG (2013)"), 5 shares to Kenmooreland Pte Ltd ("Kenmooreland") and 5 shares to Triple Fortune International Limited ("Triple Fortune") (collectively "Shareholders"). TG (2013), Kenmooreland and Triple Fortune are independent and unrelated third parties. On 1 February 2018, TEE Forward further increased its paid-up share capital to 2,000,000 shares of $1.00 each, allotting the new shares to the Shareholders in their shareholding proportion. Upon completion of the above subscriptions, the Company holds 60% of the issued share capital of TEE Forward.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

The table below shows the details of subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and operation	Effective equity interest and voting power held by non-controlling interests		
		31.5.2019	31.5.2018	1.6.2017
		%	%	%
TEE Oceania Pte Limited and its subsidiaries	New Zealand	**24.9**	24.9	24.9
JPJ Properties Pty Ltd	Australia	**45.0**	45.0	45.0
Potts Point Hospitality Pty Ltd	Australia	**45.0**	45.0	45.0
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)*	Singapore	**49.0**	49.0	49.0
TEE Forward Pte Ltd	Singapore	**40.0**	40.0	–

Name of subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests		
	2019	2018	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	**$'000**	$'000	$'000
		(Restated)		(Restated)	(Restated)
TEE Oceania Pte Limited and its subsidiaries	**(144)**	(238)	**(99)**	43	288
JPJ Properties Pty Ltd	**156**	14	**–**	446	4,731
Potts Point Hospitality Pty Ltd	**(1,146)**	117	**8,773**	9,868	9,601
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)*	**476**	(39)	**632**	156	195
TEE Forward Pte Ltd	**(1,387)**	(161)	**(748)**	639	–
Others *	**62**	2	**74**	44	91
Total	**(1,983)**	(305)	**8,632**	11,196	14,906

* Individually immaterial subsidiaries with non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amount before intragroup eliminations.

	TEE Oceania Pte Limited and its subsidiaries $'000	JPJ Properties Pty Ltd $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000	TEE Forward Pte. Ltd. $'000
Summarised statements of financial position					
31.5.2019					
Current assets	4,240	–	1,242	29,536	95,066
Non-current assets	7,294	–	41,503	–	792
Current liabilities	(8,004)	–	(23,246)	(22,075)	(3,721)
Non-current liabilities	(4,494)	–	–	(6,171)	(94,007)
Net (liabilities)/assets	**(964)**	**–**	**19,499**	**1,290**	**(1,870)**
Non-controlling interests	**(99)**	**–**	**8,773**	**632**	**(748)**
31.5.2018					
Current assets	4,371	1,189	48,779	27,143	76,711
Non-current assets	8,686	–	335	220	82
Current liabilities	(12,786)	(101)	(27,183)	(1,284)	(1,341)
Non-current liabilities	(489)	–	–	(25,761)	(73,855)
Net (liabilities)/assets	(218)	1,088	21,931	318	1,597
Non-controlling interests	43	446	9,868	156	639
1.6.2017					
Current assets	4,150	16,763	48,416	25,340	–
Non-current assets	10,092	–	492	99	–
Current liabilities	(8,149)	(6,248)	(27,573)	(252)	–
Non-current liabilities	(5,323)	–	–	(24,790)	–
Net (liabilities)/assets	770	10,515	21,335	397	–
Non-controlling interests	288	4,731	9,601	195	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

	TEE Oceania Pte Limited and its subsidiaries $'000	JPJ Properties Pty Ltd $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000	TEE Forward Pte. Ltd. $'000
Summarised income statement					
2019					
Revenue for the year	1,641	–	7,310	17,023	183
Expenses	(2,415)	347	(9,857)	(16,051)	(3,651)
(Loss)/profit for the year	(774)	347	(2,547)	972	(3,468)
(Loss)/profit attributable to:					
Equity holder of the Company	(630)	191	(1,401)	496	(2,081)
Non-controlling interests	(144)	156	(1,146)	476	(1,387)
(Loss)/profit for the year	(774)	347	(2,547)	972	(3,468)
Other comprehensive income/(loss) attributable to:					
Equity holder of the Company	26	(97)	(673)	–	–
Non-controlling interests	2	(79)	(550)	–	–
Other comprehensive (loss)/income for the year	28	(176)	(1,223)	–	–
Total comprehensive (loss)/income attributable to:					
Equity holder of the Company	(604)	235	(2,074)	496	(2,081)
Non-controlling interests	(142)	185	(1,696)	476	(1,387)
Total comprehensive income for the year	(746)	420	(3,770)	972	(3,468)
Summarised statement of cash flows					
2019					
Net cash generated from/(used in) operating activities	130	932	899	4,672	(17,743)
Net cash generated from/(used in) investing activities	(5)	–	91	–	–
Net cash generated from/(used in) financing activities	(120)	(1,299)	(850)	–	18,139
Net cash (decrease)/increase in cash and cash equivalents	**5**	**(367)**	**140**	**4,672**	**396**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

19 Investment in subsidiaries (cont'd)

	TEE Oceania Pte Limited and its subsidiaries $'000	JPJ Properties Pty Ltd $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000	TEE Forward Pte. Ltd. $'000
Summarised income statement					
2018					
Revenue for the year	2,054	–	7,177	4,726	–
Expenses	(3,040)	40	(6,917)	(4,806)	(402)
(Loss)/profit for the year	(986)	40	260	(80)	(402)
(Loss)/profit attributable to:					
Equity holder of the Company	(748)	26	143	(41)	(241)
Non-controlling interests	(238)	14	117	(39)	(161)
(Loss)/profit for the year	(986)	40	260	(80)	(402)
Other comprehensive income/(loss) attributable to:					
Equity holder of the Company	3	134	(228)	–	–
Non-controlling interests	(5)	46	(187)	–	–
Other comprehensive (loss)/income for the year	(2)	180	(415)	–	–
Total comprehensive (loss)/income attributable to:					
Equity holder of the Company	(745)	160	(85)	259	(40)
Non-controlling interests	(243)	60	(70)	249	(28)
Total comprehensive income for the year	(988)	220	(155)	508	(68)
Summarised statement of cash flows					
2018					
Net cash generated from/(used in) operating activities	145	(707)	503	4,188	(75,161)
Net cash generated from/(used in) investing activities	(10)	304	(1,067)	–	–
Net cash generated from/(used in) financing activities	(144)	(14,455)	417	421	75,637
Net cash (decrease)/increase in cash and cash equivalents	(9)	(14,858)	(147)	4,609	476

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

20 Property, plant and equipment

	Freehold land $'000	Buildings on freehold land $'000	Computer $'000	Renovation $'000	Motor vehicle $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group								
Cost								
At 1 June 2017	–	–	123	1,247	104	17	501	1,992
Exchange differences	–	–	2	49	3	(1)	(3)	50
Additions	–	–	5	–	–	6	13	24
Written off	–	–	–	(18)	–	–	–	(18)
At 31 May 2018	–	–	130	1,278	107	22	511	2,048
Reclassification (Note 17)	4,545	36,227	–	–	–	–	8,413	49,185
Exchange differences	(268)	(2,128)	(2)	(28)	(3)	(1)	(504)	(2,934)
Additions	–	–	4	46	6	1	200	257
Disposal	–	(274)	(16)	–	–	–	–	(290)
At 31 May 2019	**4,277**	**33,825**	**116**	**1,296**	**110**	**22**	**8,620**	**48,266**
Accumulated depreciation								
At 1 June 2017	–	–	91	845	65	10	246	1,257
Exchange differences	–	–	3	41	2	(1)	(3)	42
Depreciation	–	–	22	251	21	3	90	387
Written off	–	–	–	(8)	–	–	–	(8)
At 31 May 2018	–	–	116	1,129	88	12	333	1,678
Reclassification (Note 17)	–	871	–	–	–	–	697	1,568
Remeasurement (Note 17)	–	1,506	–	–	–	–	1,366	2,872
Exchange differences	–	(120)	(1)	(27)	(2)	(1)	(122)	(273)
Depreciation	–	1,015	11	153	17	4	935	2,135
Disposal	–	(18)	(16)	–	–	–	–	(34)
At 31 May 2019	**–**	**3,254**	**110**	**1,255**	**103**	**15**	**3,209**	**7,946**
Net carrying amount								
At 31 May 2019	**4,277**	**30,571**	**6**	**41**	**7**	**7**	**5,411**	**40,320**
At 31 May 2018	–	–	14	149	19	10	178	370
As at 1 June 2017	–	–	32	402	39	7	255	735

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

20 Property, plant and equipment (cont'd)

In 2017, the Group has reclassified both properties comprised freehold land and buildings on freehold land in Australia from property, plant and equipment to non-current assets held for sale (Note 17), as the management has decided to dispose both properties in order to realise their values.

As disclosed in Note 17, in compliance with SFRS(I) 5 *Non-current assets held for sale and discontinued operations*, the Group has reclassified Larmont Hotel from non-current asset held for sale (Note 17) to the property, plant and equipment.

The net carrying amounts of property, plant and equipment relating to the Larmont Hotel (Note 17) are as follows:

	31.5.2019 **$'000**
Freehold land	**4,277**
Buildings on freehold land	**30,571**
Office equipment	**5,320**
	40,168

At the end of the reporting period, the net carrying amount of property, plant and equipment of the Group pledged to banks to secure the long-term borrowings granted to the Group amounted to $40,168,000 (31.5.2018: $Nil; 1.6.2017: $Nil) (Note 27).

The net carrying amount of the Group's motor vehicle includes an amount of $Nil (2018: $16,000, 2017: $33,000) which was held under finance lease (Note 26).

21 Investment properties

	Group	
	2019 **$'000**	2018 $'000
At fair value:		
At beginning of year	**33,905**	35,812
Additions	**46**	–
Exchange differences	**(318)**	(412)
Fair value loss on investment properties (Note 6)	**(2,191)**	(1,495)
At end of year	**31,442**	33,905

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

21 Investment properties (cont'd)

The fair value of the Group's investment properties at 31 May 2019 have been determined based on valuations carried out by independent valuers with appropriate recognised professional qualifications and experience.

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

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 May 2019, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The investment properties held by the Group as at 31 May 2019 are as follow:

Name of property/Location	Tenure	Description
Workotel 19 Main South Road , Upper Riccarton, Christchurch, New Zealand	Freehold	107 units and 4 houses for providing rental accommodation
Thistle Guesthouse 21 Main North Road, Upper Riccarton, Christchurch, New Zealand	Freehold	10 rooms with 1 ground floor apartment and an attached sleep-out for providing rental accommodation
Chewathai Ratchaprarop Condominium, No. 11, Ratchaprarop Road, Makkasan Sub-district, Ratchathewi District, Bangkok, Thailand	Freehold	3 condominium apartment units for providing rental accommodation
TEE Building 25 Bukit Batok Street 22, Singapore	Leasehold from 1 May 1992 to 30 April 2052	Industrial space for providing rental

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

21 Investment properties (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Location	Fair value			Valuation methodology	Significant unobservable inputs (Level 3)	Range		
	31.5. 2019	31.5. 2018	1.6. 2017			**31.5. 2019**	31.5. 2018	1.6. 2017
	$'000	$'000	$'000					
New Zealand	**7,188**	8,197	9,676	Discounted cash flow method	Discount rate [2]	**10.00%**	8.00%	10.00%
				Direct comparison method	Price per square meter of gross floor area[1]	**$250 - $500**	$311 - $480	$300 - $480
Singapore	**22,000**	23,500	24,000	Direct comparison method	Price per square meter of gross floor area[1]	**$3,500 - $4,900**	$1,500 - $3,000	$1,800 - $3,000
Thailand	**2,254**	2,208	2,136	Direct comparison method	Price per square meter of gross floor area[1]	**$3,600 - $8,000**	$3,900 - $7,100	$4,000 - $6,600
				Income capitalisation method	Occupancy turnover[1]	**97.00%**	97.00%	97.00%
					Turnover[1]	**$2,700/ week**	$2,700/ week	$3,000/ week
					Operating income[1]	**$2,500/ week**	$2,600/ week	$2,600/ week
					Net operating income margin[1]	**91.00%**	91.00%	87.00%
					Capitalisation rate[2]	**6.00%**	6.00%	6.00%

[1] Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

[2] Any significant isolated decrease/(increase) in this input would result in a significantly (higher)/lower fair value measurement.

The Group has pledged the investment properties except for freehold condominium apartment units in Bangkok, Thailand to banks to secure long-term borrowings granted to the Group (Note 27).

The property rental income from the Group's investment properties amounted to $2,402,000 (2018: $2,482,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $698,000 (2018: $765,000). Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income amounted to $5,000 (2018: $126,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

22 Deferred tax liabilities/(assets)

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Recognition profits from properties under development $'000	Tax losses $'000	Total $'000
Group			
At 1 June 2017 (Restated)	374	(3,561)	(3,187)
Charge/(credit) to profit or loss for the year (Note 9) (Restated)	666	(803)	(137)
Exchange differences (Restated)	(15)	21	6
At 31 May 2018 (Restated)	1,025	(4,343)	(3,318)
Charge/(credit) to profit or loss for the year (Note 9)	(620)	418	(202)
Exchange differences	(19)	64	45
At 31 May 2019	**386**	**(3,861)**	**(3,475)**

The following is the analysis of deferred tax balances for statements of financial position purposes:

	Group		
	31.5.2019 **$'000**	31.5.2018 $'000	1.7.2017 $'000
Deferred tax liabilities	**386**	1,025	374
Deferred tax assets (Restated)	**(3,861)**	(4,343)	(3,561)
	(3,475)	(3,318)	(3,187)

Revenue from sale of development properties will only be taxable upon completion of the project.

Subject to the agreement by the tax authorities, the Group has unutilised tax losses of approximately $36,131,000 (31.5.2018: $25,399,000; 1.6.2017: $18,968,000) which is available for offset against future taxable income of the Group. Deferred tax asset of $3,861,000 (31.5.2018: $4,343,000; 1.6.2017: $3,561,000) has been recognised in respect of such tax losses. No deferred tax assets have been recognised in respect of the remaining unutilised tax losses of approximately $16,975,000 (31.5.2018: $1,696,000; 1.6.2017: $3,848,000) due to unpredictability of future profit streams.

No deferred tax liability has been recognised in respect of undistributed earnings of subsidiaries which would be subject to withholding tax if transferred out of the country. The Group is in a position to control the timing of the transfer of these accumulated profits and do not expect the accumulated profits to be remitted such as to attract withholding tax in the foreseeable future. Temporary differences arising in connection with interests in associates is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

23 Bank loans

The bank loans of a subsidiary of $1,499,000 bear interest rates ranging from 5.30% to 5.45% (31.5.2018: 5.10% to 5.30%; 1.6.2017: 5.00% to 5.10%) per annum and secured by the corporate guarantee of the Company.

The Group's and the Company's bank loan of $495,000 bore interest rate ranging from 5.30% to 5.45% (31.5.2018: Nil%; 1.6.2017: Nil%) per annum, unsecured and repayable on demand.

In 2018, the Group's and the Company's bank loan of $5,000,000 bore interest rate ranging from 4.77% to 5.05% (1.6.2017: Nil%) per annum. The loan has fully repaid in November 2018.

As at the end of reporting period, the Group and the Company had available $5,000 (31.5.2018: $500,000; 1.6.2017: $Nil) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

24 Trade payables

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Third parties	**13,276**	25,385	7,994
Related company	**1,238**	290	15,158
Retention payables	**3,267**	6,056	1,035
	17,781	31,731	24,187

The credit period granted by contractors is 30 to 60 days (31.5.2018: 30 to 60 days; 1.6.2017: 30 to 60 days). No interest is charged on the outstanding balance.

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

The amounts payables to related company are unsecured, interest free and repayable on demand.

25 Other payables

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Holding company	**157**	1,084	759
Related companies	**153**	165	148
Non-controlling interests	**2,218**	2,218	2,254
Associates	**3,387**	5,335	8,406
Accrued expenses	**5,523**	3,271	1,896
Dividend payable	**–**	1,117	1,841
Option money received from customers	**958**	4,511	4,149
Other payables	**2,060**	1,265	2,414
	14,456	18,966	21,867

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

25 Other payables (cont'd)

	Company		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Holding company	**–**	902	602
Subsidiaries	**12,637**	7,041	7,066
Associates	**–**	–	21
Accrued expenses	**605**	528	673
Dividend payable	**–**	1,117	–
Other payables	**27**	23	96
	13,269	9,611	8,458

The amounts payable to holding company, related companies, subsidiaries, non-controlling interests and associates are non-trade in nature, unsecured, interest-free and repayable on demand.

26 Finance lease

	Group					
	Minimum lease payments			Present value of lease payment		
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Amounts payable under finance lease:						
Within one year	**14**	14	14	**13**	13	12
In the second to fifth years inclusive	**13**	28	40	**13**	27	38
	27	42	54	**26**	40	50
Less: Future finance charges	**(1)**	(2)	(4)	**–**	–	–
Present value of lease obligations	**26**	40	50	**26**	40	50
Presented by:						
Current				**13**	13	12
Non-current				**13**	27	38
				26	40	50

The lease term is 7 years (31.5.2018: 7 years; 1.6.2017: 7 years). The borrowing rate is 2.32% (31.5.2018: 2.32%; 1.6.2017: 2.32%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into contingent rental payments.

The fair value of the finance lease at the end of the reporting period approximates its carrying amount as there are no significant changes in the interest rate available to the Group at the end of the reporting period. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

The Group's obligations under finance lease are secured by the lessor's title to the Group's motor vehicle (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

27 Long-term borrowings

	Group		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Total borrowings	**217,637**	226,657	157,778
Amounts due for settlement within 12 months	**(87,436)**	(97,658)	(45,530)
Amounts due for settlement after 12 months	**130,201**	128,999	112,248

	Company		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Total borrowings	**–**	10,000	–
Amounts due for settlement within 12 months	**–**	(10,000)	–
	–	–	–

Included in total borrowings is an amount of $ Nil (31. 5.2018: $10,000,000; 1.6.2017: Nil) being the amount borrowed from a substantial shareholder. The loan bore interest rate of 11.50% (31.5.2018: 11.50%; 1.6.2017: Nil) per annum and has been fully repaid during the financial year. As disclosed in Note 19, the shares in a subsidiary have been pledged as a security in connection with this amount borrowed.

The Group's other long-term borrowings bear interest rates ranging from 2.80% to 4.95% (31.5.2018: 2.08% to 5.03%; 1.6.2017: 2.08% to 7.50%) per annum.

The Group's other long-term borrowings are secured against the development properties (Note 15), completed properties and land held for sale (Note 16), non-current asset held for sale (Note 17), freehold land and buildings on freehold land (Note 20), investment properties (Note 21) and corporate guarantees by the Company and other corporate shareholders of the certain subsidiaries (Note 38).

The Group's non-current long-term borrowings are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair value of these borrowings, determined from discounted cash flow analysis using a discount rate of 3.26% (31.5.2018: 3.19%; 1.6.2017: 3.13%) which are the marketing lending rate that the directors expect would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purpose is categorised in Level 3 of the fair values hierarchy.

As at the end of reporting period, the Group had available $24,627,000 (31.5.2018: $65,782,000; 1.6. 2017: $23,791,000) of undrawn borrowing facilities, in respect of which all conditions precedent had been met.

28 Financial guarantee liabilities

	Group			Company		
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current	**130**	186	200	**646**	907	2,056
Non-current	**105**	235	301	**459**	1,027	833
	235	421	501	**1,105**	1,934	2,889

Movements in the financial guarantee liabilities are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
At beginning of year	**2,467**	2,292	**7,900**	7,261
Addition	**–**	175	**492**	639
At end of year	**2,467**	2,467	**8,392**	7,900
Less: Amortisation				
At beginning of year	**2,046**	1,791	**5,966**	4,372
Amortisation (Note 5)	**186**	255	**1,321**	1,594
At end of year	**2,232**	2,046	**7,287**	5,966
	235	421	**1,105**	1,934

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

28 Financial guarantee liabilities (cont'd)

Financial guarantee liabilities are the fair value of corporate guarantee on initial recognition provided by the Group and Company to secure banking facilities of associate and subsidiaries respectively. The Group and the Company recorded a deemed financial guarantee income in accordance with SFRS(I) 39 *Financial Instruments*. The deemed financial guarantee income is amortised over the financial guarantees period.

29 Term notes

In October 2014, the Company has in place a $250,000,000 Multicurrency Medium Term Note Programme ("MTN Programme") under which it can issue notes in series or tranches and may be denominated in Singapore dollar or other currency deemed appropriate at the time.

On 27 October 2014, the Company had completed the issuance of $30,000,000 of Senior Unsecured Fixed Rate Notes (the "Notes") with tenure of 3 years under the MTN Programme. The Notes were unsecured, bore a fixed interest rate of 6.50% per annum and payable semi-annually in arrears. The Notes had been fully repaid in October 2017.

30 Loans from non-controlling interests

The non-current shareholders' loans from non-controlling interests are for development properties "Rezi 35" and "35 Gilstead" (Note 15), bear interest rate at 5.00% (31.5.2018: 5.00%, 1.6.2017: 5.00%) per annum and repayable after 12 months from the end of the reporting period.

The fair value of the non-current loans from non-controlling interests at the end of the reporting period approximates their carrying amount as there are no significant changes in the interest rate available to the Group at the end of the reporting period. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

31 Share capital

	Number of ordinary shares					
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
				$'000	$'000	$'000
Group and Company						
Issued and paid up						
At beginning and end of year	**446,876,000**	446,876,000	446,876,000	**142,238**	142,238	142,238

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

32 Currency translation reserve

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

33 Merger reserve

Merger reserve represents the difference between the amount of the share capital of the subsidiaries at the date on which they are acquired by the Company and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to business combination under common control.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

34 Capital reserve

The capital reserve represents the effects of changes in ownership in subsidiaries when there is no change in control.

35 Non-controlling interests

Included in non-controlling interests is an amount of $11,471,000 (31.5.18: $11,454,000, 1.6.2017: $15,462,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of a subsidiary of the Group.

36 Dividends

	Group and Company	
	2019	2018
	$'000	$'000
Final tax exempt (one-tier) dividend of 0.15 cent per ordinary share in respect of the financial year ended 31 May 2018	**670**	–
Interim tax exempt (one-tier) dividend of 0.25 cent per ordinary share in respect of the financial year ended 31 May 2018	**–**	1,117
	670	1,117

37 Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

(a) Holding company and its subsidiaries

	Group	
	2019	2018
	$'000	$'000
Management fees paid to holding company	**295**	295
Rental income received from holding company	**(626)**	(626)
Rental income received from related companies	**(578)**	(578)

(b) Associates

	Group	
	2019	2018
	$'000	$'000
Dividend income from Chewathai	**–**	(544)
Dividend income from other associates	**(2,131)**	(9,930)
Interest income	**(115)**	(636)
Financial guarantee income	**(186)**	(255)
Management fee income	**(86)**	(132)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

37 Significant related party transactions (cont'd)

(c) Professional fees paid to an independent non-executive director of the holding company

An independent non-executive director of the holding company is a partner of a firm which provided professional services to the Group amounting to $Nil (2018: $2,000).

(d) Professional fees paid to directors of the Company.

An independent non-executive director of the Company is a partner of a firm which provided professional services to the Group amounting to $26,000 (2018: $119,000).

(e) Loan from a substantial shareholder of the Company

A loan of $10,000,000 was extended by a substantial shareholder in previous year. The amount has been fully repaid during the financial year. The loan interest and commitment fee expenses for the financial year amounted to $616,000 (2018: $969,000).

(f) Compensation of directors and key management personnel

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

	Group	
	2019	2018
	$'000	$'000
Short-term benefits	**1,388**	1,500
Post-employment benefits	**63**	83
	1,451	1,583

38 Operating lease commitments and contingent liabilities

(a) Operating lease commitments - the Group as lessor

The Group leases out industrial/commercial premise space to holding company, related parties and third parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group	
	2019	2018
	$'000	$'000
Within one year	**551**	703
In the second to fifth year inclusive	**670**	38
Total	**1,221**	741

(b) Operating lease commitments - the Group as lessee

The Group leases land from non-related parties under non-cancellable operating lease agreements. The leases have a tenure of 30 years. Renewals of leases are subject to approval by lessor. No restrictions are imposed on dividends or further leasing.

	Group	
	2019	2018
	$'000	$'000
Within one year	**97**	97
In the second to fifth year inclusive	**386**	386
Later than fifth years	**2,694**	2,791
Total	**3,177**	3,274

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

38 Operating lease commitments and contingent liabilities (cont'd)

(c) Contingent liabilities

Corporate guarantees

Details and estimates of maximum amounts of contingent liabilities are as follows:

(i) The Company has provided corporate guarantees of $115,133,000 (31.5.2018: $177,408,000; 1.6.2017: $186,238,000) to banks for bank borrowings of $95,444,000 (31.5.2018: $107,133,000; 1.6.2017: $110,888,000) taken by its wholly-owned subsidiaries at the end of the reporting period.

(ii) The Company has provided corporate guarantees of $85,125,000 (31.5.2018: $92,088,000; 1.6.2017: $33,266,000), to banks for bank borrowings of $123,692,000 (31.5.2018: $111,023,000; 1.6.2017: $48,389,000) taken by the certain subsidiaries at the end of the reporting period.

(iii) The Company has provided corporate guarantees of $31,940,000 (31.5.2018: $31,940,000; 1.6.2017: $41,835,000) to banks for bank borrowings of $22,397,000 (31.5.2018: $25,482,000; 1.6.2017: $28,122,000) taken by its associates at the end of the reporting period.

The earliest period that the guarantee could be called is within 1 year (31.5.2018: 1 year; 1.6.2017: 1 year) from the end of the reporting period. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffered credit losses.

Others

One of the Group's subsidiaries has not met the required timeline for the completion of a development project due to external factors. The matter is under appeal with the relevant authority for an extension. In the event that the appeal is not successful, management estimates that the potential charge to be approximately $4.8 million. Based on the facts and circumstances of this matter, the directors are of the view that the subsidiary has reasonable ground for obtaining an extension of time for the completion of the development project. To-date, this development project has been completed and it is within the requested extension period. Accordingly, no provision for any liability has been made in these financial statements.

39 Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments - property development, hotel operations and investment properties. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

The property development segment involves in the development and sale of development properties. The hotel operations segment involves hotel operations in Sydney, Australia. The investment properties segment involves providing rental of accommodation and industrial space.

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. Eliminations represent intercompany transactions and dividends which was eliminated in the consolidated financial statements. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Segment assets and liabilities are presented net of inter-segment balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

Information regarding each of the Group's reportable segments is presented below.

	Corporate and others		Property development		Hotel operations		Investment properties		Eliminations		Group	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000 (Restated)	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000 (Restated)
Segment revenue												
External sales	**–**	–	**90,808**	99,501	**7,310**	7,178	**2,402**	2,482	**–**	–	**100,520**	109,161
Intercompany sales	**–**	–	**–**	–	**–**	–	**923**	1,256	**(923)**	(1,256)	**–**	–
Total revenue	**–**	–	**90,808**	99,501	**7,310**	7,178	**3,325**	3,738	**(923)**	(1,256)	**100,520**	109,161
Segment results												
Segment results	**(1,237)**	5,097	**(11,170)**	13,320	**(1,949)**	1,545	**(727)**	(262)	**(2,242)**	(24,576)	**(17,325)**	(4,876)
Share of results of associates	**–**	–	**(792)**	2,838	–	–	**–**	–	**–**	–	**(792)**	2,838
Finance costs	**(615)**	(1,873)	**(6,548)**	(3,723)	**(1,307)**	(1,160)	**(681)**	(629)	**1,114**	–	**(8,037)**	(7,385)
(Loss)/profit before tax	**(1,852)**	3,224	**(18,510)**	12,435	**(3,256)**	385	**(1,408)**	(891)	**(1,128)**	(24,576)	**(26,154)**	(9,423)
Tax (expense)/credit	**7**	(85)	**(428)**	743	**1,055**	(128)	**(303)**	(106)	**–**	–	**331**	424
(Loss)/profit for the year	**(1,845)**	3,139	**(18,938)**	13,178	**(2,201)**	257	**(1,711)**	(997)	**(1,128)**	(24,576)	**(25,823)**	(8,999)
(Loss)/profit attributable to:												
Equity holder of the Company	**(1,845)**	3,139	**(18,089)**	13,376	**(1,211)**	126	**(1,567)**	(759)	**(1,128)**	(24,576)	**(23,840)**	(8,694)
Non-controlling interests	**–**	–	**(849)**	(198)	**(990)**	131	**(144)**	(238)	**–**	–	**(1,983)**	(305)
(Loss)/profit for the year	**(1,845)**	3,139	**(18,938)**	13,178	**(2,201)**	257	**(1,711)**	(997)	**(1,128)**	(24,576)	**(25,823)**	(8,999)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

	Corporate and others 31.5.2019 $'000	Property development 31.5.2019 $'000	Hotel operations 31.5.2019 $'000	Investment properties 31.5.2019 $'000	Group 31.5.2019 $'000
Segment assets					
Segment assets	614	311,811	41,410	34,494	388,329
Investment in associates	–	5,409	–	–	5,409
Deferred tax assets	–	2,460	1,335	66	3,861
Total assets	614	319,680	42,745	34,560	397,599
Segment liabilities					
Segment liabilities	(868)	(44,733)	(605)	(1,415)	(47,621)
Loans and borrowings	(495)	(175,983)	(22,615)	(20,538)	(219,631)
Current and deferred tax liabilities	(8)	26	–	(441)	(423)
Total liabilities	(1,371)	(220,690)	(23,220)	(22,394)	(267,675)
Net (liabilities)/assets	(757)	98,990	19,525	12,166	129,924
Other segment items					
Amortisation of capitalised contract costs	–	3,800	–	–	3,800
Amortisation of show flat expenses	–	433	–	–	433
Amortisation of financial guarantee liabilities	–	(186)	–	–	(186)
Depreciation of property, plant and equipment	–	200	1,864	71	2,135
Remeasurement adjustment of non-current asset held for sale	–	–	2,872	–	2,872
Fair value loss on investment properties	–	–	–	2,191	2,191
Gain on disposal of property, plant and equipment	–	–	(30)	–	(30)
Impairment on investment in associates	–	3,600	–	–	3,600
Impairment loss on trade receivables	–	–	5	–	5
Impairment loss on other receivables	–	181	–	–	181
Impairment loss on loans receivable from associates	–	665	–	–	665
Purchase of property, plant and equipment	–	(52)	(200)	(5)	257
Write-down of completed properties and land held for sale	–	542	–	–	542

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

39 Segment information (cont'd)

	Corporate and others	Property development	Hotel operations	Investment properties	Group
	31.5.2018	31.5.2018	31.5.2018	31.5.2018	31.5.2018
	$'000	$'000	$'000	$'000	$'000
		(Restated)			(Restated)
Segment assets					
Segment assets	1,107	352,840	49,147	37,010	440,104
Investment in associates	–	11,932	–	–	11,932
Deferred tax assets	–	3,583	335	425	4,343
Total assets	1,107	368,355	49,482	37,435	456,379
Segment liabilities					
Segment liabilities	(2,992)	(58,389)	(874)	(1,472)	(63,727)
Loans and borrowings	(15,000)	(170,916)	(25,521)	(21,719)	(233,156)
Current and deferred tax liabilities	(93)	(902)	–	(571)	(1,566)
Total liabilities	(18,085)	(230,207)	(26,395)	(23,762)	(298,449)
Net (liabilities)/assets	(16,978)	138,148	23,087	13,673	157,930
Other segment items					
Amortisation of capitalised contract costs	–	5,565	–	–	5,565
Amortisation of show flat expenses	–	514	–	–	514
Amortisation of financial guarantee liabilities	–	(255)	–	–	(255)
Depreciation of property, plant and equipment	–	315	–	72	387
Fair value loss on investment properties	–	–	–	1,495	1,495
Impairment on investment in associates	–	7,568	–	–	7,568
Impairment loss on trade receivables	–	–	6	–	6
Impairment loss on other receivables	–	181	–	–	181
Property, plant and equipment written off	–	10	–	–	10
Non-current asset held for sale written off	–	–	82	–	82
Purchase of property, plant and equipment	–	15	–	9	24
Addition to non-current asset held for sales	–	–	1,067	–	1,067
Write-down of completed properties and land held for sale	–	1,684	–	–	1,684

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

39 Segment information (cont'd)

Geographical information:

Segment revenue: Segment revenue is analysed based on the location of customers.

	Revenue	
	2019	2018
	$'000	$'000
		(Restated)
Singapore	**79,083**	58,802
New Zealand	**1,198**	1,278
Australia	**7,310**	7,178
Vietnam	**436**	532
Malaysia	**12,493**	41,371
	100,520	109,161

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

	Non-current assets		
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Singapore	**27,478**	35,560	64,458
New Zealand	**7,227**	8,259	9,760
Australia	**40,168**	–	–
Malaysia	**44**	180	461
Thailand	**2,254**	2,208	2,137
	77,171	46,207	76,816

Information about major customers:

The Group does not have any single major customer that contributes 10% or more to the Group's revenues.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group			Company		
	31.5.2019	31.5.2018	1.6.2017	**31.5.2019**	31.5.2018	1.6.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
		(Restated)	(Restated)			
Financial assets:						
Loans and receivables	**–**	66,952	79,820	**–**	138,260	150,973
Finance assets at amortised costs	**58,830**	–	–	**124,550**	–	–
Financial liabilities:						
Financial liabilities at amortised cost	**260,826**	287,784	235,352	**14,852**	26,539	41,286

Financial assets consist of cash and cash equivalents, trade receivables, other receivables (excluding prepayments, deferred show flat costs, options money paid for purchase of properties and contract costs) and loans receivable from associates.

Financial liabilities consist of bank loans, trade payables, other payables (excluding option money received from customers), finance lease, long-term borrowings, financial guarantee liabilities, term notes and loans from non-controlling interests.

(b) Financial risk management objectives and policies

The Group and the Company is exposed to a variety of financial risks, such as market risk, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risks. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's performance.

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

There has been no change to the Group and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments

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

Foreign exchange risk

The Group transacts business in various foreign currencies, including Singapore Dollar ("SGD"), New Zealand Dollar ("NZD") and Thai Baht ("THB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the financial assets and financial liabilities denominated in foreign currencies based on the information provided to key management are as follows:

	SGD $'000	NZD $'000	THB $'000
Group			
31 May 2019			
Cash and bank balances	**–**	**6**	**35**
Trade and other receivables	**–**	**2,873**	**3**
Trade and other payables	**(21,900)**	**–**	**(22)**
Net financial asset/(liabilities) denominated in foreign currencies	**(21,900)**	**2,879**	**16**
31 May 2018			
Cash and bank balances	–	6	100
Trade and other receivables	2	2,929	9,276
Trade and other payables	(25,999)	–	(84)
Net financial asset/(liabilities) denominated in foreign currencies	(25,997)	2,935	9,292
1 June 2017			
Cash and bank balances	–	7	8
Trade and other receivables	1	3,027	337
Loan receivable from associates	–	–	2,882
Trade and other payables	(17,551)	–	(140)
Net financial asset/(liabilities) denominated in foreign currencies	(17,550)	3,034	3,087

The Company is not exposed to any significant foreign currency risk as the Company's transactions are mainly denominated in Singapore dollar.

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

Foreign exchange risk sensitivity

A 5% (31.5.2018: 5%; 1.6.2017: 5%) strengthening/(weakening) of the Malaysia Ringgit against the Singapore dollar at the end of the reporting period would (decrease)/increase the Group's (loss)/profit after income tax approximately by $909,000 (31.5.2018: $1,078,000; 1.6.2017: $728,000). This analysis assumes that all other variables remain constant.

A 5% (31.5.2018: 5%; 1.6.2017: 5%) strengthening/(weakening) of the New Zealand dollar against the Singapore dollar at the end of the reporting period would increase/(decrease) the Group's (loss)/profit after income tax approximately by $119,000 (31.5.2018: $121,000; 1.6.2017: $125,000). This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Foreign exchange risk sensitivity (cont'd)

A 5% (31.5.2018: 5%; 1.6.2017: 5%) strengthening/(weakening) of the Thai Baht against the Singapore dollar at the end of the reporting period would increase/(decrease) the Group's (loss)/profit after income tax approximately by $1,000 (31.5.2018: $386,000; 1.6.2017: $128,000). This analysis assumes that all other variables remain constant.

Interest rate risk

The Group has exposure to interest rate risk through the impact of floating interest rate on borrowings. The Group obtained financing through bank loans and the details of the Group's interest rate exposure are disclosed in Notes 23 and 27.

Interest rate sensitivity

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

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's (loss)/profit for the year ended 31 May 2019 would increase/decrease by $1,098,000 (31.5.2018: $1,116,000; 1.6.2017: $789,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate of borrowings.

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or intercompany loans that are at variable rates.

Credit risk

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

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from defaults.

The Group's credit risk is primarily attributable to its trade and other receivables and loans receivable from associates. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments. The amounts presented in the statements of financial position are net of allowance for impairment losses. An allowance for impairment loss is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

At the reporting date, the non-trade amounts due from subsidiaries represent a significant portion of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk for the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

The carrying amount of financial assets and contract assets represent the maximum exposure to credit risk, before taking into account any collateral held.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition unless the Group has reasonable and supportable information to indicate that amount is subject to low credit risk	Lifetime ECL - not credit-impaired
Contractual payment is more than 90 days past due or there is evidence of credit impairment and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operates	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external, if available, or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecasted adverse change in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

Regardless of the evaluation of the above factors, the Group considers that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, based on the Group's historical information of payment trends of its receivables.

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

At the end of the reporting period, the Group has significant credit risk exposures mainly arising on trade receivables. The Company has significant credit risk exposures arising on non-trade amounts due from subsidiaries.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial assets presented on the statement of financial position and the amount of $232,198,000 (2018: $301,436,000, 2017: $261,339,000) relating to corporate guarantees given by the Company to banks for the subsidiary companies' bank borrowings (Note 38(c)).

Movements in credit loss allowance of financial assets at amortised cost are as follows:

	Trade receivables (Note 12) $'000	Other receivables (Note 13) $'000	Loans receivables from associates (Note 14) $'000
Group			
Balance at 1 June 2018, under FRS 39 and SFRS(I) 9	6	3,555	–
Loss allowance measured:			
Lifetime ECL credit-impaired	5	181	665
Balance at 31 May 2019	**11**	3,736	665

	Other receivables (Note 13) $'000
Company	
Balance at 1 June 2018, under FRS 39 and SFRS(I) 9	–
Loss allowance measured:	
Lifetime ECL credit-impaired	667
Balance at 31 May 2019	**667**

The credit loss for cash and cash equivalents and other receivables is immaterial as at 31 May 2019.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

Trade receivables and contract assets

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by SFRS(I) 9, which permits the use of the lifetime expected credit loss for impairment of all contract assets and trade receivables. To measure the ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information.

The ECL on trade receivables are estimated by reference to payment history, current financial situation of the debtor and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date.

For sales of development properties, the Group is contractually entitled to forfeit a fixed percentage of the purchase price received from the customer and repossess the sold property for resale. The credit loss risk in respect of contract assets is mitigated by these financial safeguards. Sales to hotel individual customers are settled in cash or using major credit cards. The credit risk relating to balances not past due pending receipt of payment from credit card companies is not deemed to be significant. Credit risk in respect of trade receivables related to property leasing is deemed to be low with security deposits received from tenants.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

At the reporting date, the maximum exposure to credit risk for trade receivables and contract assets by geographical region was as follows:

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Singapore	**38,162**	18,663	15,836
New Zealand	**4**	11	19
Australia	**589**	596	314
Vietnam	**17**	9	3
Malaysia	**13,635**	30,211	19,250
	52,407	49,490	35,422

At the reporting date, the maximum exposure to credit risk for trade receivables and contract assets by business segment was as follows:

	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Property development	**49,621**	46,870	34,106
Hotel operations	**589**	595	314
Investment properties	**2,197**	2,025	1,002
	52,407	49,490	35,422

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

The following are credit risk management practices and quantitative information about trade receivables and contract assets.

	Contract assets $'000	Trade receivables $'000
Group		
31.5.2019		
Not past due	34,682	14,055
Past due 0 to 30 days	–	295
Past due 31 to 60 days	–	1,036
Past due 61 to 90 days	–	135
Past due over 91 days	–	2,204
Balance at 31 May 2019	34,682	17,725

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and letters of demand issued for debts due for more than 12 months.

Loans receivable from associates

The Group applies the general approach for expected credit loss model to measure the loss allowance on loans receivable from associates. The Group has taken into account the historical default experience and forward-looking information, as appropriate, for example the Group has considered the consistently low historical default rate, financial position, projects undertaken by the associates and cash flow projection, as well as equity interests, undistributed accumulated profits in these associates and expected future earnings that would be distributed by the associates. The Group concluded that there has been no significant increase in the credit risk since the initial recognition. Accordingly, the Group is not exposed to significant credit loss in respect the loans receivable from associates.

Non-trade receivables from subsidiaries

The Company applies the SFRS(I) 9 general approach for measuring expected credit losses for its non-trade receivables from subsidiaries.

The Company has non-trade receivables from its subsidiaries of $122,971,000 (31.5.2018: $136,735,000; 1.6.2017: $145,148,000) for the purpose of satisfying their funding requirements. In respect of an amount of S$8,541,000, the Company has made loss allowance amounting to $667,000 (31.5.2018: $Nil; 1.6.2017: $Nil) for the year ended 31 May 2019. There are no changes to the assumptions used when assessing the loss allowance during the financial year.

For the remaining non-trade receivables from subsidiaries amounting to S$116,217,000, The Company assessed the latest performance and financial position of the subsidiaries, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. The assessment reflects a low credit risk exposure. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables and cash and cash equivalents.

Loss allowance for other receivables is measured using 12-months ECL. The ECL on other receivables are estimated by reference to track records of the counterparties, the business and financial conditions where information is available and knowledge of any events or circumstances impeding recovery of the amounts.

The table below details the credit quality of the Group's and the Company's financial assets and other item, as well as maximum exposure to credit risk:

Group	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		$'000	$'000	$'000
Trade receivables	Lifetime - credit impaired	17,736	(11)	17,725
Contract asset	Lifetime ECL	34,682	–	34,682
Other receivables	N.A. Exposure limited	5,245	–	5,245
	Lifetime - credit impaired	3,736	(3,736)	–
Loans receivable from associates	N.A. Exposure limited	2,734	–	2,734
	Lifetime - credit impaired	8,770	(665)	8,105
Cash and cash equivalents with financial institutions	N.A. Exposure limited	25,021	–	25,021

Company				
Other receivables	12-month ECL	116,217	–	116,217
	Lifetime - credit impaired	8,541	(667)	7,874
Cash and cash equivalents with financial institutions	N.A. Exposure limited	459	–	459

The Group's and the Company's other receivables comprise 1 debtor and 5 debtors respectively that individually represented more than 10% of the other receivables.

Financial guarantee

The Company issued financial guarantees to banks for borrowings of its subsidiaries and associates. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company assessed that its subsidiaries and associates have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

Previous accounting policy for impairment of financial assets

At 31 May 2018, the Group's and the Company's other receivables comprise 1 debtor (1.6.2017: 1 debtor) and 5 debtors (1.6.2017: 4 debtors) respectively that individually represented more than 10% of the other receivables.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions which are regulated and have good credit standing.

Financial assets that are either past due and/or impaired

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees (Note 38(c)), represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

At the end of the reporting period, there are no other class of financial assets that are either past due and/or impaired except for trade receivables and other receivables as disclosed in Notes 12 and 13.

Analysis of trade receivables as at the end of the reporting period:

	Group	
	31.5.2018	1.6.2017
	$'000	$'000
Not past due and not impaired	4,731	2,417
Past due and not impaired	3,533	3,883
	8,264	6,300
Impaired trade receivables		
Less: Allowance for impairment loss	(6)	–
	8,258	6,300

Trade receivables that are past due and not impaired:

	Group	
	31.5.2018	1.6.2017
	$'000	$'000
Past due 0 to 30 days	556	1,171
Past due 31 to 60 days	152	686
Past due 61 to 90 days	107	292
Past due over 91 days	2,718	1,734
	3,533	3,883

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Credit risk (cont'd)

Previous accounting policy for impairment of financial assets

Movement in the impairment loss of trade receivables as follows:

	Group 2018 $'000
Balance at the beginning of the year	–
Additions	6
Balance at the end of the year	6

Movement in the impairment loss of other receivables as follows:

	Group 2018 $'000
Balances at the beginning of the year	3,374
Addition	181
Balances at the end of the year	3,555

The Group's other receivables that are impaired at the end of the reporting period and the allowance for impairment losses are as follows:

	Group	
	31.5.2018 $'000	1.6.2017 $'000
Gross amounts	3,736	3,374
Less: Allowance for impairment losses	(3,555)	(3,374)
	181	–

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

The Group closely monitors the credit quality of its trade receivables and considers trade receivables that are neither past due nor impaired to be of a good credit quality. The Group does not hold any collateral over these balances.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Liquidity and cash flow risks

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Notes 23 and 27.

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000	$'000
Group						
31.5.2019						
Non-interest bearing	–	31,198	–	–	–	31,198
Finance lease (fixed rate)	2.32	13	14	–	(1)	26
Fixed interest rate instruments	5.00	487	10,282	–	(1,033)	9,736
Variable interest rate instruments	3.26	95,129	125,439	16,127	(17,064)	219,631
Financial guarantee liabilities	–	31,940	235	–	(31,940)	235
		158,767	135,970	16,127	(50,038)	260,826
31.5.2018						
Non-interest bearing	–	46,111	–	–	–	46,111
Finance lease (fixed rate)	2.32	13	29	–	(2)	40
Fixed interest rate instruments	8.60	11,338	9,331	–	(2,613)	18,056
Variable interest rate instruments	3.19	100,345	125,362	17,636	(20,187)	223,156
Financial guarantee liabilities	–	32,126	235	–	(31,940)	421
		189,933	134,957	17,636	(54,742)	287,784

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Liquidity and cash flow risks

Non-derivative financial liabilities

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
1.6.2017						
Non-interest bearing	–	41,905	–	–	–	41,905
Finance lease (fixed rate)	2.32	13	42	–	(5)	50
Fixed interest rate instruments	6.28	36,134	–	–	(1,015)	35,119
Variable interest rate instruments	3.13	50,297	104,421	19,242	(16,183)	157,777
Financial guarantee liabilities	–	56,817	301	–	(56,617)	501
		185,166	104,764	19,242	(73,820)	235,352

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
Company					
31.5.2019					
Non-interest bearing	–	13,252	–	–	13,252
Variable interest rate instruments	5.45%	495	–	–	495
Financial guarantee liabilities	–	232,276	1,027	(232,198)	1,105
		246,023	**1,027**	**(232,198)**	**14,852**
31.5.2018					
Non-interest bearing	–	9,605	–	–	9,605
Fixed interest rate instruments	11.50	10,863	–	(863)	10,000
Variable interest rate instruments	5.05	5,240	–	(240)	5,000
Financial guarantee liabilities	–	302,343	1,027	(301,436)	1,934
		328,051	1,027	(302,539)	26,539
1.6.2017					
Non-interest bearing	–	8,458	–	–	8,458
Fixed interest rate instruments	6.50	30,750	–	(811)	29,939
Financial guarantee liabilities	–	221,560	833	(219,504)	2,889
		260,768	833	(220,315)	41,286

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

40 Financial instruments (cont'd)

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

Liquidity and cash flow risks (cont'd)

<u>*Non-derivative financial assets*</u>

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	% p.a.	$'000	$'000	$'000	$'000
Group					
31.5.2019					
Non-interest bearing	–	54,655	–	–	54,655
Fixed interest rate instruments	6.11%	4,216	–	(41)	4,175
		58,871	–	(41)	58,830
31.5.2018					
Non-interest bearing	–	50,146	–	–	50,146
Fixed interest rate instruments	4.31	16,857	–	(51)	16,806
		67,003	–	(51)	66,952
1.6.2017					
Non-interest bearing		49,007	–	–	49,007
Fixed interest rate instruments	4.12	25,086	–	(273)	24,813
Variable interest rate instruments	4.15	249	6,158	(407)	6,000
		74,342	6,158	(680)	79,820
Company					
31.5.2019					
Non-interest bearing		107,448	–	–	107,448
Fixed interest rate instruments	0.50 –11.50	4,730	14,042	(1,670)	17,102
		112,178	14,042	(1,670)	124,550
31.5.2018					
Non-interest bearing	–	123,678	–	–	123,678
Fixed interest rate instruments	0.50 –11.50	4,789	11,780	(1,987)	14,582
		128,467	11,780	(1,987)	138,260
1.6.2017					
Non-interest bearing	–	148,088	–	–	148,088
Fixed interest rate instruments	0.50 –4.00	2,885	–	–	2,885
		150,973	–	–	150,973

* Denotes amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

41 Fair value of assets and liabilities

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statement of financial position at the end of the reporting period:

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
31.5.2019				
Non-financial assets				
Investment properties	**–**	**–**	**31,442**	**31,442**
31.5.2018				
Non-financial assets				
Investment properties	–	–	33,905	33,905
1.6.2017				
Non-financial assets				
Investment properties	–	–	35,812	35,812

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

42 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances, and to ensure that all externally imposed capital requirements are complied with.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 23, 26, 27, 29 and 30 and equity attributable to equity holder of the Company, comprising of share capital, reserves and accumulated (losses)/ profits. The Group is required to maintain the required gearing in order to comply with covenants in loan agreements with banks and financial institutions.

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

As at reporting date, the Group has complied with all bank covenants and all externally imposed capital requirements.

The Group monitors capital using debt ratio as follows:

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Total assets	**397,599**	456,379	418,156
Total debt	**229,393**	241,252	192,946
Total equity	**121,292**	146,734	155,974
Total debt-to-total assets ratio (times)	**0.58**	0.53	0.46
Total debt-to-total equity ratio (times)	**1.89**	1.64	1.24

The Group's overall strategy including its objective, policies and processes with regards to capital risk management remains unchanged from prior year.

43 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2019 were authorised for issue in accordance with a resolution of the directors dated 11 September 2019.

STATISTICS OF SHAREHOLDINGS

As at 20 August 2019

ISSUED AND FULLY PAID-UP CAPITAL	:	S$ 142,238,075
NO. OF SHARES ISSUED	:	446,876,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
TREASURY SHARES & SUBSIDIARY HOLDINGS	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	262	9.99	7,755	0.00
100 - 1,000	583	22.22	278,400	0.06
1,001 - 10,000	1,088	41.46	4,964,615	1.11
10,001 - 1,000,000	671	25.57	40,109,092	8.98
1,000,001 & ABOVE	20	0.76	401,516,138	89.85
TOTAL	2,624	100.00	446,876,000	100.00

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 20 AUGUST 2019

		NO. OF SHARES	%
1	TEE INTERNATIONAL LIMITED	232,777,678	52.09
2	HONG LEONG FINANCE NOMINEES PTE LTD	65,910,147	14.75
3	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	19,500,000	4.36
4	ABN AMRO CLEARING BANK N.V.	10,971,866	2.46
5	MAYBANK KIM ENG SECURITIES PTE.LTD	10,215,124	2.29
6	RHB SECURITIES SINGAPORE PTE LTD	10,075,395	2.25
7	TOMMIE GOH THIAM POH	9,630,000	2.15
8	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	8,272,765	1.85
9	CITIBANK NOMINEES SINGAPORE PTE LTD	8,238,924	1.84
10	DBS NOMINEES PTE LTD	5,634,088	1.26
11	PHUA CHER CHEW (PAN ZIQIU)	4,379,537	0.98
12	PHILLIP SECURITIES PTE LTD	3,386,719	0.76
13	ANG JUI KHOON	2,577,127	0.58
14	LEE BEE WAH	2,097,233	0.47
15	LINCOLN CAPITAL PTE. LTD.	1,831,154	0.41
16	DBS VICKERS SECURITIES (S) PTE LTD	1,320,683	0.30
17	TAN CHONG MENG	1,300,000	0.29
18	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	1,297,866	0.29
19	RAFFLES NOMINEES (PTE) LIMITED	1,079,832	0.24
20	KOH WEE SENG	1,020,000	0.23
	TOTAL	401,516,138	89.85

STATISTICS OF SHAREHOLDINGS

As at 20 August 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
TEE International Limited (1)	232,777,678	52.09	50,000,000	11.19
Phua Chian Kin (2)	24,593,590	5.51	282,837,460	63.29
Hong Leong Finance Nominees Pte Ltd	65,910,147	14.75	–	–

Notes:

(1) 50,000,000 shares owned by TEE International Limited are held under a nominee account with Hong Leong Finance Nominees Pte Ltd.

(2) Phua Chian Kin is deemed to have an interest in the 282,777,678 ordinary shares of the Company held by TEE International Limited by virtue of Section 4 of the Securities and Futures Act, Cap. 289. He is also deemed to have an interest in 59,782 ordinary shares held by his spouse, Mdm. Tay Kuek Lee.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 20 August 2019, approximately 29.50% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **TEE LAND LIMITED** (the "**Company**") will be held at Orchid Country Club, Sapphire 1, 2 & 3, Social Clubhouse, Level 2, 1 Orchid Club Road, Singapore 769162* on Monday, 30 September 2019 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 May 2019 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring by rotation pursuant to Regulation 89 of the Company's Constitution:

   Dato Timothy Ong Teck Mong **(Resolution 2)**
   Mr Chin Sek Peng **(Resolution 3)**
   Mr Chin Sek Peng will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of both the Remuneration and Nominating Committees, and will be considered independent.

3. To approve the payment of Directors' fees of up to S$342,000/- for the financial year ending 31 May 2020, to be paid in arrears (FY2019: S$342,000/-). **(Resolution 4)**

4. To re-appoint Messrs Baker Tilly TFW LLP as the Company's Auditor and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

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

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

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

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 6)**

7. **ATHORITY TO ALLOT AND ISSUE SHARES UNDER THE TEE LAND PERFORMANCE SHARE PLAN AND TEE LAND EMPLOYEE SHARE OPTION SCHEME**

That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the Company as may be required to be issued pursuant to the vesting of awards under the TEE Land Performance Share Plan (the "**Plan**") and/or the exercise of options under the TEE Land Employee Share Option Scheme (the "**Scheme**") respectively, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme does not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
[See Explanatory Note (ii)] **(Resolution 7)**

8. **RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("Chapter 9"), for the Company, its subsidiaries and associated companies that are considered to be entities at risk under Chapter 9 of the Listing Manual of the SGX-ST, or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Appendix A to the Company's annual report dated 13 September 2019 (the "**Appendix A**") with any party who is of the class of Interested Persons described in the Appendix A, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix A (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate.
[See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. **RENEWAL OF THE SHARE BUY-BACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (the "**Off-Market Share Buy-Back**"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, other exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held or;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or

(iii) the date on the authority contained by the Share Buy-Back Mandate is revoked or varied by the shareholders in a general meeting.

(c) in this resolution:

"**Maximum Limit**" means the number of Shares representing not more than ten per cent (10%) of the total issued ordinary shares of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the total number of Shares shall be taken to be the amount of the total number of Shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, or until it is varied or revoked by the Company in a general meeting, after the date of the passing of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a On-Market Share Buy-Back, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price of the Shares,

NOTICE OF ANNUAL GENERAL MEETING

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, other exchange, preceding the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to an Off-Market Share Buy-Back, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.
[See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Yeo Ai Mei
Ng Tah Wee
Lai Foon Kuen

Company Secretaries
Singapore, 13 September 2019

* Free shuttle bus service will be provided from Yishun MRT Station to Orchid Country Club. Please take a left turn when exiting Yishun MRT Station's gantry and proceed to wait in front of the NTUC Fairprice outlet (between the bus stop and the taxi stand) for the shuttle bus.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

(i) Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares in the Company pursuant to the vesting of awards under the Plan and/or the exercise of options under the Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme does not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. The Plan and Scheme were approved by Shareholders on 11 May 2013.

(iii) Ordinary Resolution 8, if passed, will renew the general mandate approved by Shareholders of the Company on 25 September 2018 to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue of trading nature or those necessary for its day-to-day operations with the specified classes of persons are considered to be interested persons for the purposes of Chapter 9, and which is proposed to be renewed in the manner and on the terms set out in the Appendix A and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(iv) Ordinary Resolution 9, if passed, will empower the Directors, from the date of the above Meeting until the next Annual General Meeting is held or is required by law to be held, or until it is varied or revoked by the Company in a general meeting, whichever is earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Back or Off-Market Share Buy-Back of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix B to this Notice of Annual General Meeting, the Act and the Listing Manual of the SGX-ST. Please refer to the Appendix B to this Notice of Annual General Meeting for more details.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting (the "Meeting"). A proxy need not be a member of the Company.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 25 Bukit Batok Street 22, Singapore 659591, not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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TEE LAND LIMITED

(Incorporated in Singapore)
(Company Registration No. 201230851R)

PROXY FORM

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT:

CPF Investors
1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

*I/We, ______________________________

of ______________________________

being a member/members of TEE LAND LIMITED (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as *my/our *proxy/proxies to attend, speak or vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Orchid Country Club, Sapphire 1, 2 & 3, Social Clubhouse, Level 2, 1 Orchid Club Road, Singapore 769162 on Monday, 30 September 2019 at 2.30 pm. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against", please tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Resolutions relating to:**	**No. of votes For**	**No. of votes Against**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 May 2019		
2	Re-election of Dato Timothy Ong Teck Mong as a Director		
3	Re-election of Mr Chin Sek Peng as a Director		
4	Approval of Directors' fees of up to S$342,000/- for the financial year ending 31 May 2020		
5	Re-appointment of Baker Tilly TFW LLP as Auditor		
6	Authority to issue shares		
7	Authority to allot and issue shares under the TEE Land Performance Share Plan and TEE Land Employee Share Option Scheme		
8	Renewal of the Mandate for Interested Person Transactions		
9	Renewal of Share Buyback Mandate		

**Delete where inapplicable*

Dated this ________ day of ______________ 2019

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81 of the Securities and Futures Act, (Cap 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the Member shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Cap. 50, who is either:

    a. a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

    b. a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

    c. Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

    You are entitled to appoint one (1) or more proxies to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming Annual General Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 25 Bukit Batok Street 22, Singapore 659591 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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TEE LAND LIMITED
Incorporated in the Republic of Singapore
Company Registration Number 201230851R
25 Bukit Batok Street 22
Singapore 659591
www.teeland.com.sg