TEE International Limited
and its subsidiaries
Registration Number: 200007107D

Condensed Interim Financial Statements
For the First Quarter ended 31 December 2021

Change of financial year end from 31 May to 30 September

Refer to the Company's announcement dated 28 April 2021, the Company changed its financial year end from 31 May to 30 September after taking into consideration the Group's reporting requirements and to facilitate better management of resources and internal processes for a smooth flow of business operations and financial reporting. Following the change, the Company's financial year will commence on 1 October and end on 30 September in each subsequent year. For the purpose of this announcement, the current financial period covers a 3-month period from 1 October 2021 to 31 December 2021 and its comparative period covered from 1 October 2020 to 31 December 2020.

The Company is mandatorily required pursuant to the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") to continue with quarterly reporting of its financial statements with effect from 7 February 2020 in view of the modified opinion issued by the Company's statutory auditors in its annual report for the financial period ended 30 September 2021.

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Proposed Restructuring Exercise

With reference to the Company's announcement dated 15 July 2021 and 29 November 2021, on the Unaudited Fourth Quarter Financial Statements and Dividend Announcement for the Period Ended 31 May 2021 and Condensed Interim Financial Statements for the full year ended 30 September 2021, the Company had announced the appointment of RSM Corporate Advisory Pte. Ltd. ("RSM") as financial consultant in June 2021, to, inter alia, undertake a review of the Group's businesses and assist to formulate restructuring plans to improve the financial position and/or performance of the Group. Following the completion of RSM's review and their proposed restructuring plan to the Company, on 7 August 2021, the Company announced that it intends to propose a scheme of arrangement between the Company and its creditors. The Company has accordingly filed an application in the General Division of the High Court of the Republic of Singapore for a moratorium under Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (the "IRDA") on 6 August 2021 (the "Application"). In addition, the Company's wholly-owned subsidiaries PBT Engineering Pte Ltd ("PBT Engineering"), Trans Equatorial Engineering Pte Ltd ("Trans Equatorial"), TEE Infrastructure Private Limited ("TEE Infra") and TEE E&C (Malaysia) Sdn Bhd ("TEE E&C"), (together with the Company, PBT Engineering, Trans Equatorial and TEE Infra, the "Applicants") have also filed applications under Section 65 of the IRDA on 6 August 2021 respectively in support of the Company's proposed restructuring. The moratorium orders are being sought to preserve the assets of the Group pending the formulation of a holistic restructuring plan.

Creditors' Voluntary Liquidation of Trans Equatorial

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

On 16 December 2021, the Company has announced that it has commenced the winding-up process of Trans Equatorial by way of creditors' voluntary liquidation (the "CVL") and appointed Ms. Oon Su Sun and Mr. Lin Yueh Hung of RSM as provisional liquidators. Relevant update on the CVL was announced accordingly on 13 January 2022.

Pursuant to Listing Rule 704(23), the Company wishes to confirm that, save as announced via SGXNet, there has been no material development in relation to the CVL of Trans Equatorial.

Entry into Non-binding Termsheet with Investors

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

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

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

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

	Note	Group 3 months ended 31 December 2021 Unaudited S$'000	Group 3 months ended 31 December 2020 Unaudited S$'000	Change %
Continuing operations				
Revenue	4	26,443	54,184	(51.2)
Cost of sales		(24,359)	(52,045)	(53.2)
Gross profit		2,084	2,139	(2.6)
Other operating income		231	1,689	(86.3)
Expenses				
Administrative expenses		(1,761)	(3,124)	(43.6)
Other operating expenses		(511)	(378)	35.2
Share of results of associates and joint venture		116	206	(43.7)
Finance costs		(631)	(698)	(9.6)
Loss before income tax	6	**(472)**	**(166)**	**184.3**
Income tax expense	7	(30)	(150)	(80.0)
Loss for the period from continuing operations		**(502)**	**(316)**	**58.9**
Loss for the period from discontinued operations	8	**-**	**(95)**	**(100.0)**
Loss for the period		**(502)**	**(411)**	**22.1**
Loss for the period attributable to:				
Owners of the Company		(692)	(803)	(13.8)
Non-controlling interests		190	392	(51.5)
		(502)	**(411)**	**22.1**

NM: Not Meaningful

See accompanying notes to condensed interim financial statements.

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

	Group		
	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited	Change
	S$'000	S$'000	%
Loss for the period			
Loss from continuing operations, net of tax	**(502)**	**(316)**	**58.9**
Loss from discontinued operations, net of tax	**-**	**(95)**	**(100.0)**
	(502)	**(411)**	**22.1**
Other comprehensive income, net of tax			
Item that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences arising from consolidation			
Loss from continuing operations, net of tax	(47)	(64)	(26.6)
Loss from discontinued operations, net of tax	-	(7)	(100.0)
	(47)	(71)	(39.7)
Total comprehensive loss for the period	**(549)**	**(482)**	**12.3**
Loss attributable to:			
Loss from continuing operations, net of tax	(692)	(708)	(2.3)
Loss from discontinued operations, net of tax	-	(95)	(100.0)
Owners of the Company	(692)	(803)	(13.8)
Profit from continuing operations, net of tax	190	392	(51.5)
Loss from discontinued operations, net of tax	-	-	NM
Non-controlling interests	190	392	(51.5)
	(502)	**(411)**	**22.1**
Total comprehensive loss attributable to:			
Owners of the Company	(733)	(856)	(14.4)
Non-controlling interests	184	374	(50.8)
	(549)	**(482)**	**13.9**
Loss per share for loss for the period attributable to the owners of the Company:			
From continuing and discontinued operations			
- Basic (SGD in cent)	(0.11)	(0.12)	(8.3)
- Diluted (SGD in cent)	(0.11)	(0.12)	(8.3)
Weighted average number of ordinary shares	646,882,476	646,882,476	
From continuing operations			
- Basic (SGD in cent)	(0.11)	(0.11)	-
- Diluted (SGD in cent)	(0.11)	(0.11)	-
Weighted average number of ordinary shares	646,882,476	646,882,476	

NM: Not Meaningful

See accompanying notes to condensed interim financial statements.

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2021 Unaudited	30 September 2021 Audited	31 December 2021 Unaudited	30 September 2021 Audited
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and cash equivalents		11,948	7,756	316	236
Fixed deposits		5,445	4,440	-	-
Trade receivables	**11**	15,404	15,435	-	-
Other receivables		3,265	3,365	14,460	14,340
Inventories		66	87	-	-
Contract assets	**12**	15,488	19,558	-	-
		51,616	50,641	14,776	14,576
Non-current assets held for sale	**13(i)**	20,166	20,205	20,166	20,205
Total current assets		71,782	70,846	34,942	34,781
Non-current assets					
Other receivables		230	240	-	-
Investment under fair value through other comprehensive income		400	400	-	-
Investment in associates		5,059	5,001	-	-
Investment in subsidiaries		-	-	11,455	11,455
Property, plant and equipment	**14**	25,564	25,728	25	26
Investment properties	**15**	8,951	9,396	-	-
Deferred tax assets		49	60	9	9
Total non-current assets		40,253	40,825	11,489	11,490
Total assets		112,035	111,671	46,431	46,271

See accompanying notes to condensed interim financial statements.

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

	Note	Group		Company	
		31 December 2021 Unaudited	30 September 2021 Audited	31 December 2021 Unaudited	30 September 2021 Audited
		S$'000	S$'000	S$'000	S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	**16**	14,838	17,129	-	-
Trade payables	**17**	144,183	141,205	54	59
Other payables		27,345	26,901	64,474	63,569
Contract liabilities		2,148	1,102	-	-
Provisions	**18**	53,054	53,886	-	-
Current portion of lease liabilities	**16**	1,756	1,377	-	-
Current portion of long-term borrowings	**16**	23,129	23,452	12,469	12,797
Current portion of financial guarantee liabilities		-	-	75,868	75,868
Income tax payable		3,569	3,574	485	570
		270,022	268,626	153,350	152,863
Liabilities associated with non-current assets held for sale	**13(ii)**	2,539	2,572	2,539	2,572
Total current liabilities		272,561	271,198	155,889	155,435
Non-current liabilities					
Lease liabilities	**16**	10,527	10,857	-	-
Long-term borrowings	**16**	10,619	10,732	-	-
Other payables		42	41	-	-
Deferred tax liabilities		112	120	-	-
Total non-current liabilities		21,300	21,750	-	-
Capital, reserves and non-controlling interests					
Share capital	**19**	73,194	73,194	73,194	73,194
Treasury shares	**19**	(269)	(269)	(269)	(269)
Currency translation reserve		354	395	-	-
Capital reserve		-	-	(274)	(274)
Accumulated losses		(253,771)	(253,079)	(182,109)	(181,815)
Equity attributable to owners of the Company		(180,492)	(179,759)	(109,458)	(109,164)
Non-controlling interests		(1,334)	(1,518)	-	-
Net deficit		(181,826)	(181,277)	(109,458)	(109,164)
Total liabilities and equity		112,035	111,671	46,431	46,271

See accompanying notes to condensed interim financial statements.

C. Condensed interim statements of changes in equity

Group	Attributable to equity owners of the Company						
	Share capital	Treasury shares	Currency translation reserve	Accumulated losses	Equity attributable to Owners of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2020	73,194	(269)	164	(51,125)	21,964	(2,641)	19,323
Total comprehensive income/(loss) for the period:							
(Loss)/profit for the period	-	-	-	(803)	(803)	392	(411)
Other comprehensive loss for the period	-	-	(53)	-	(53)	(18)	(71)
Total comprehensive income/(loss) for the period	-	-	(53)	(803)	(856)	374	(482)
Balance at 31 December 2020	73,194	(269)	111	(51,928)	21,108	(2,267)	18,841

See accompanying notes to condensed interim financial statements.

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

Group	Attributable to equity owners of the Company						
	Share capital	Treasury shares	Currency translation reserve	Accumulated losses	Equity attributable to Owners of the Company	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2021	73,194	(269)	395	(253,079)	(179,759)	(1,518)	(181,277)
Total comprehensive income/(loss) for the period:							
(Loss)/profit for the period	-	-	-	(692)	(692)	190	(502)
Other comprehensive loss for the period	-	-	(41)	-	(41)	(6)	(47)
Total comprehensive loss for the period	-	-	(41)	(692)	(733)	184	(549)
Balance at 31 December 2021	73,194	(269)	354	(253,771)	(180,492)	(1,334)	(181,826)

See accompanying notes to condensed interim financial statements.

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

Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2021	73,194	(269)	(274)	(181,815)	(109,164)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(294)	(294)
Balance at 31 December 2021	**73,194**	**(269)**	**(274)**	**(182,109)**	**(109,458)**
Balance at 1 October 2020	73,194	(269)	(274)	(58,412)	14,239
Loss for the period, representing total comprehensive loss for the period	-	-	-	(261)	(261)
Balance at 31 December 2020	**73,194**	**(269)**	**(274)**	**(58,673)**	**13,978**

See accompanying notes to condensed interim financial statements.

D. Condensed interim consolidated statement of cash flows

	Group	
	3 months ended 31 December 2021 Unaudited	**3 months ended 31 December 2020 Unaudited**
	S$'000	**S$'000**
Operating activities		
Loss before tax from continuing operations	(472)	(166)
Loss before tax from discontinued operations	-	(95)
	(472)	(261)
Adjustments for:		
Share of results of associates and joint venture	(116)	(206)
Depreciation of property, plant and equipment	621	656
Trade receivables written off	1	2
Allowance for doubtful trade receivables	14	-
Amortisation of financial guarantee liabilities	-	(19)
Amortisation of intangible asset	-	62
Amortisation of issuance costs on notes payable	-	17
Changes in fair value of financial assets at FVTPL	-	(359)
Changes in fair value of investment properties	539	236
Changes in fair value of non-current assets held for sale	39	-
Gain on disposal of property, plant and equipment	(16)	-
Provision for onerous contracts written back	(369)	-
Contract assets written back	(18)	-
Trade payables written back	(5)	-
Interest income	(2)	(7)
Interest expense	653	698
Operating cash flows before movements in working capital	869	819
Trade receivables	16	(10,538)
Other receivables	(11)	4,160
Inventories	21	21
Contract assets	4,088	622
Trade payables	3,001	10,899
Other payables	384	2,559
Contract liabilities	1,046	582
Deposit	-	1
Utilisation of provision for maintenance costs	(463)	-
Cash generated from operations	8,951	9,125
Income tax paid	(32)	(146)
Net cash generated from operating activities	**8,919**	**8,979**

See accompanying notes to condensed interim financial statements.

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

	Group	
	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited
	S$'000	S$'000
Investing activities		
Proceeds on disposal of property, plant and equipment	1	6
Purchase of property, plant and equipment	(122)	(216)
Proceeds from disposal of other investment	-	627
Return on capital from investment in joint venture	-	129
Repayment of advances to directors of subsidiaries	118	-
Repayment of finance lease receivables	3	3
Interest received	2	7
Net cash generated from investing activities	**2**	**556**
Financing activities		
Repayment of bank loans	(2,272)	(11,818)
Drawdown of long-term borrowings	-	(69)
Repayment of long-term borrowings	(436)	-
Increase in bank balances pledged	(1,005)	(931)
Repayment to former immediate holding company of a subsidiary	(47)	-
Repayment of principal portion of lease liabilities	(397)	(317)
Loan payable	100	-
Interest paid	(653)	(698)
Net cash used for financing activities	**(4,710)**	**(13,833)**
Net increase/(decrease) in cash and cash equivalents	4,211	(4,298)
Cash and cash equivalents at beginning of period	7,053	11,847
Effect of foreign exchange rate changes	-	(22)
Cash and cash equivalents at end of period (Note a)	**11,264**	**7,527**

	Group	
Note a	31 December 2021 Unaudited	31 December 2020 Unaudited
	$'000	$'000
Cash and cash equivalents	11,948	8,887
Bank overdrafts	(684)	(1,360)
	11,264	7,527

See accompanying notes to condensed interim financial statements.

E. Notes to the condensed interim consolidated financial Statements

1. Corporate information

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

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

These condensed interim consolidated financial statements as at and for the financial period ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the "Group").

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

Proposed Restructuring Exercise

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

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

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

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

On 26 November 2021, the Court has granted moratoriums for all the Applicants save for Trans Equatorial until 31 March 2022. The Court granted leave for Trans Equatorial to withdraw its application and is likely to undergo a voluntary liquidation in the coming few months. The Court also ordered that RSM to be appointed as Monitoring Accountants to perform the following functions:

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

On 16 December 2021, the Company has announced that the Group has commenced the winding-up process of Trans Equatorial by way of creditors' voluntary liquidation (the "CVL") and appointed Ms. Oon Su Sun and Mr. Lin Yueh Hung of RSM as provisional liquidators. Please also see further announcement on relevant update in this regard made on 13 January 2022.

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

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

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

2. Basis of Preparation

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

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

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

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

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

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

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

(a) Going concern assumption

The Group incurred loss from continuing operations of S$0.5 million for 1QFY2022, and as at 31 December 2021, the Group and the Company's current liabilities exceeded their current assets by S$200,779,000 (2021 - S$200,352,000) and S$120,947,000 (2021 - S$120,654,000) respectively. At the Company level, the net current liabilities are due mainly to inter-company payables to certain subsidiaries and provision for corporate guarantees issued to counterparties for performance bonds and claims made against certain subsidiaries. These factors give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

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

Accordingly, depending on the eventual outcome of the aforementioned, the Company and/or its subsidiaries may have to make material adjustments to its financial performance and financial position for 1QFY2022 as contained herein. In this regard, the Company will make the appropriate announcements accordingly when more information is available.

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

2. Basis of Preparation (cont'd)

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

(b) Determination of lease terms

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

(c) Deferred taxation on investment properties

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

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

(a) Revenue recognition

The Group recognises revenue from the following major sources:

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

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

Construction engineering contracts

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

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

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

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

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

Sale of goods

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

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

2. Basis of Preparation (cont'd)

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

(a) Revenue recognition (cont'd)

Rendering of services

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

Interest income

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

Rental and related services income

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

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

(b) Calculation of loss allowances

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

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

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

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

(c) Contract assets arising from construction engineering contracts

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

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

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

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

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

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

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

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

2. Basis of Preparation (cont'd)

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

(e) Valuation of investment properties

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

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

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

(f) Estimation of incremental borrowing rate

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

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

(g) Estimation of provisions made on various claims

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

3. Seasonal operations

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

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

4. Segment and revenue information

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

i. Segment 1: Engineering and Construction – involves providing mechanical and electrical engineering services, and asset enhancement initiative relating to the expansion and improvement of infrastructure, constructing new buildings and converting existing buildings and facilities for new uses and offering turnkey approaches to the construction of infrastructure as well as in system development from system definition, system development and system deployment

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

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

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

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

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

4.1 Reportable segments

	Corporate & Others		Engineering and Construction		Infrastructure		Discontinued operations		Elimination		Group	
	3 months ended 31 December		3 months ended 31 December		3 months ended 31 December		3 months ended 31 December		3 months ended 31 December		3 months ended 31 December	
	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue												
External sales	562	520	17,863	45,554	8,018	8,110	-	71	-	-	26,443	54,255
Inter-segment sales	128	-	-	-	6	-	-	-	(134)	-	-	-
Total revenue	690	520	17,863	45,554	8,024	8,110	-	71	(134)	-	26,443	54,255
Segment results												
Segment results	(331)	(116)	10	45	368	688	-	(95)	(4)	(291)	43	231
Share of results of associates and joint venture	-	-	-	3	116	203	-	-	-	-	116	206
Finance costs	(245)	(94)	(274)	(490)	(116)	(373)	-	-	4	259	(631)	(698)
(Loss)/Profit before tax	(576)	(210)	(264)	(442)	368	518	-	(95)	-	(32)	(472)	(261)
Income tax credit/(expense)	52	(83)	14	(75)	(96)	8	-	-	-	-	(30)	(150)
(Loss)/Profit for the period	(524)	(293)	(250)	(517)	272	526	-	(95)	-	(32)	(502)	(411)
Segment assets												
Segment assets	43,876	34,136	34,774	157,234	28,277	49,586	-	2,958	-	-	106,927	243,914
Investment in associates and joint venture	-	-	-	-	5,059	9,724	-	-	-	-	5,059	9,724
Deferred tax assets	9	-	-	397	40	54	-	-	-	-	49	451
Total assets	43,885	34,136	34,774	157,631	33,376	59,364	-	2,958	-	-	112,035	254,089
Segment liabilities												
Segment liabilities	12,744	6,966	201,924	117,940	14,643	19,089	-	2,357	-	-	229,311	146,352
Loans, borrowings and lease liabilities	25,566	16,276	24,847	38,370	10,456	29,775	-	-	-	-	60,869	84,421
Income tax payable	484	832	2,959	3,489	126	15	-	-	-	-	3,569	4,336
Deferred tax liabilities	-	-	-	-	112	140	-	-	-	-	112	140
Total liabilities	38,794	24,074	229,730	159,799	25,337	49,019	-	2,357	-	-	293,861	235,249

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

5. Financial assets and financial liabilities

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

	Group		Company	
	31 December 2021 Unaudited	30 September 2021 Audited	31 December 2021 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Financial assets at fair value through other comprehensive income	400	400	-	-
Financial assets at amortised cost	34,591	29,385	14,776	14,543
	34,991	**29,785**	**14,776**	**14,543**
Financial liabilities				
Financial guarantee liabilities	-	-	75,868	75,868
Financial liabilities at amortised cost	230,477	230,571	76,943	76,673
	230,477	**230,571**	**152,811**	**152,541**

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

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

6. Loss before taxation

6.1 Significant items

	Continuing operations		Discontinued operations		Total	
	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Foreign exchange (gain)/loss	(64)	78	-	72	(64)	150
Change in fair value of investment properties	539	236	-	-	539	236
Change in fair value of non-current assets held for sale	39	-	-	-	39	-
Amortisation of issuance costs on notes payable	-	17	-	-	-	17
Amortisation of intangible assets	-	62	-	-	-	62
Professional fees	324	153	-	-	324	153
Depreciation of property, plant and equipment, including ROU assets	621	656	-	-	621	656
Trade receivables written off	1	2	-	-	1	2
Contract assets written back	(18)	-	-	-	(18)	-
Impairment loss on financial assets and contract assets						
- Trade receivables	14	-	-	-	14	-

6.2 Related party transactions

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

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

7. Taxation

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

Group	Continuing operations		Discontinue operations		Total	
	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited	3 months ended 31 December 2021 Unaudited	3 months ended 31 December 2020 Unaudited
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current:						
- (Loss)/profit for the period	92	89	-	-	92	89
- Adjustment in respect of prior years	(66)	17	-	-	(66)	17
Deferred:						
- Credit for the period	4	44	-	-	4	44
	30	**150**	**-**	**-**	**30**	**150**

8. Discontinued operations

		Discontinued operations		
		3 months ended 31 December 2021	3 months ended 31 December 2020	Change
	Note	S$'000	S$'000	%
Operating losses of TEE HK	(a)	-	(95)	NM

(a) Discontinued operations for the 3 months ended 31 December 2020 relate to the disposal of all the shares in TEE Hong Kong Limited ("TEE HK"). As announced on 12 May 2021, the Company had entered into a conditional sale and purchase agreement with Yeung Kwok Ching for the sale of its entire 100% stake in TEE HK. The sale was completed on 2 June 2021, and the Company accounted for the results of TEE HK on 31 May 2021.

9. Dividend

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as (1) the Company is in a accumulated loss making position; (2) the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment; and (3) due to a material uncertainty related to going concern raised by the independent auditor in the audited financial statements for the financial period ended 30 September 2021.

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

10. Net Asset Value

Group	31 December 2021 Unaudited	30 September 2021 Audited
Net assets value per ordinary share based on issued share capital at end of financial period (in cents)	(27.9)	(27.8)
Number of ordinary shares issued at the end of the period	646,882,476	646,882,476

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

11. Trade receivables

Group	31 December 2021 Unaudited	30 September 2021 Audited
	S$'000	S$'000
Contract trade receivables	9,989	13,500
Third parties	4,954	8,241
GST receivable	740	969
	15,683	22,710
Less: Allowance for impairment		
- At beginning of period	(7,275)	(192)
- Allowance for the period	(14)	(7,084)
- Foreign currency exchange adjustment	-	1
- Written off	7,010	-
- At end of period	(279)	(7,275)
Trade receivables - net	**15,404**	**15,435**

12. Contract assets

Group	31 December 2021 Unaudited	30 September 2021 Audited
	S$'000	S$'000
Accrued revenue	323	299
Amounts related to construction engineering contracts	15,165	19,259
	15,488	19,558
Less: Allowance for impairment		
- At beginning of period	-	(957)
- Allowance written off	-	957
- At end of period	-	-
Contract assets – net	**15,488**	**19,558**

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

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

Group and Company	31 December 2021 Unaudited	30 September 2021 Audited
	$'000	**$'000**
Reclassified from investment properties		
- properties on leasehold land	18,000	18,000
- ROU asset classified as investment properties	2,166	2,205
	20,166	**20,205**

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

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

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

Group and Company	31 December 2021 Unaudited	30 September 2021 Audited
	$'000	**$'000**
Reclassified from lease liabilities	2,232	2,265
Reclassified from long term deposit	307	307
	2,539	**2,572**

14. Property, plant and equipment

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

During the 3 months ended 31 December 2021, the Group acquired assets amounting to S$0.8 million (31 December 2020: S$0.2 million and disposed of assets with net book value amounting to S$0.3 million (31 December 2020: S$0.2 million).

15. Investment properties

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

	Group		Company	
	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited
	S$'000	**S$'000**	**S$'000**	**S$'000**
At fair value:				
At 1 October	9,396	34,162	-	23,858
Changes in fair value included in profit or loss	(539)	(236)	-	(26)
Foreign currency exchange adjustments	94	212	-	-
End of interim period	**8,951**	**34,138**	**-**	**23,832**

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

16. Borrowings

Amount repayable in one year or less, or on demand

	As at 31 December 2021		As at 30 September 2021	
	S$'000	S$'000	S$'000	S$'000
	Secured	Unsecured	Secured	Unsecured
Bank loans and overdrafts	13,116	1,722	15,386	1,743
Lease liabilities	1,756	-	1,377	-
Long-term borrowings	13,129	10,000	13,452	10,000
	28,001	**11,722**	**30,215**	**11,743**

Amount repayable after one year

	As at 31 December 2021		As at 30 September 2021	
	S$'000	S$'000	S$'000	S$'000
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	10,527	-	10,857	-
Long-term borrowings	10,619	-	10,732	-
	21,146	**-**	**21,589**	**-**

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

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

The Group's bank facility agreements include financial covenants. Some of these covenants were not met during the financial period. Consequently, the total borrowings of S$16.6 million (30 September 2021: S$17.7 million) are presented as current liabilities as at period end.

17. Trade Payables

	Group		Company	
	31 December 2021 Unaudited	30 September 2021 Audited	31 December 2021 Unaudited	30 September 2021 Audited
	S$'000	S$'000	S$'000	S$'000
Contract trade payables	91,913	86,726	-	-
Retention payables	43,941	43,670	-	-
Third parties	1,552	4,564	-	-
GST payable	1,914	1,382	54	59
Accrual for back-charge from customer	3,966	3,966	-	-
Others	897	897	-	-
Total	**144,183**	**141,205**	**54**	**59**

18. Provisions

Group	31 December 2021 Unaudited	30 September 2021 Audited
	S$'000	S$'000
Provision for maintenance costs	315	778
Provision for performance bonds	23,242	23,242
Provision for onerous contracts	682	1,051
Provision for liquidated damages	24,393	24,393
Provision for potential back charges from customers	4,422	4,422
	53,054	**53,886**

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

19. Share Capital

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

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

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

20. Contingent liabilities

Various claims have been made against the Company and the Group in the Engineering and Construction segment for liquidated damages, defects, and/or under guarantees for the performance of the contracts. The Company released the latest announcement on 10 January 2022 to provide an update in relation to claims against the Company and the Group.

As at the date of this announcement, there are 3 claims against the Company amounting to about S$13.7 million. There are 135 claims and 56 claims against Trans Equatorial and PBT Engineering amount to about S$143.4 million and S$9.0 million, respectively. Furthermore, there are 13 claims against TEE E&C (M) to-date amounting to an aggregate of about an equivalent of S$1.9 million.

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

21. Subsequent events

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

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

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

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

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

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

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

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

(ii) Revision of FY2020 financial statements in respect certain non-compliance with accounting standards under Section 201(5) of the Companies Act as identified by the Accounting and Corporate Regulatory Authority contained in the financial statements for the financial year ended 31 May 2019 – the Company will engage its auditor to perform a re-audit and will be revising its FY2020 financial statements, with the necessary revisions reflected in respect of the FY2019 comparative figures set out in the FY2020 financial statements, on or before 27 April 2022. This will have no impact on the financial result of the current accounting period.

(iii) Contingent liabilities - please refer to Note 20 to the condensed interim financial statements for updates.

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

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

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

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

2. Review of performance of the Group

Financial performance review

First Quarter Ended 31 December 2021 ("Q1FY2022") against 3-month comparative period from 1 October 2020 to 31 December 2020 ("3MFY2021")

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

(i) Current financial period – 1 October 2021 to 31 December 2021 (3-month period)
(ii) Comparative period – 1 October 2020 to 31 December 2020 (3-month period)

Revenue decreased by S$27.7 million mainly due to NIL revenue contribution from Trans Equatorial for the current financial period. Cost of sales correspondingly decreased by S$27.7 million. The detailed breakdown of the revenue by segments are shown in Note 4.1 to the condensed interim financial statements. The gross profit of S$2.1 million is mainly contributed by the Group's environmental business and rental income from its investment properties. Both remain stable and have positive contribution to the Group.

Other operating income decreased by S$1.5 million mainly due to less government grant received during the financial period.

Administrative expenses decreased by S$1.4 million mainly due to lower employee benefits expenses resulted from lower headcount and lower depreciation charge of property, plant and equipment as compared to prior period.

Other operating expenses increased marginally by S$0.1 million mainly due to fair value adjustment of investment property.

Overall, the Group reported a loss after tax of S$0.5 million in 1QFY2022, which is marginally higher than 3MFY2021.

Attributable to the owners of the Company was a loss of S$0.7 million in 1QFY2022 as compared to a loss of S$0.8 million in 3MFY2021

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

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

Financial position review

Cash and cash equivalents increased by S$4.2 million mainly due collections from customers, offset by repayments of bank borrowings. Fixed deposits increased by S$1.0 million due to new pledge as security for certain bank facilities.

Contract assets decreased by S$4.1 million mainly due to conversion to trade receivables upon billing.

Investment properties decreased marginally by S$0.4 million mainly due to fair value loss. The Group's investment property is Lat Krabang Housing Phase 4 Part 1, Thailand with book value of S$8.95 million.

Bank loans and overdrafts, long-term borrowings and lease liabilities reduced by S$2.7 million in aggregate mainly due to repayments of bank loans and borrowings, offset by recognition of lease liabilities upon renewal of certain leases.

Trade payables increased by S$3.0 million mainly due to the higher project progress of a major on-going engineering and construction project.

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

Cash Flow Statement

First Quarter Ended 31 December 2021 ("Q1FY2022") against 3-month comparative period from 1 October 2020 to 31 December 2020 ("3MFY2021")

Net cash generated from operating activities of S$8.9 million, mainly contributed by improved working capital management.

Net cash generated from investing activities was minimal at S$2,000.

Net cash used in financing activities was S$4.7 million, mainly due to net repayment of bank borrowings of S$2.7 million and relevant interest paid of S$0.7 million as well as increased in bank balances pledged by S$1.0 million.

As a result, the Group recorded a net increase in cash and cash equivalents of S$4.2 million.

Net Current Liabilities and Negative Net Equity

As at 31 December 2021, the Group and the Company's current liabilities exceeded its current assets by S$200.8 million and S$120.9 million respectively. At the Company level, the net current liabilities are due mainly to inter-company payables to certain subsidiaries and provision for corporate guarantees issued to counterparties for performance bonds and claims made against certain subsidiaries.

As at 31 December 2021, the Group and the Company's accumulated losses exceeded its share capital, resulting in negative net equity by S$181.8 million and S$109.5 million respectively.

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

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

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

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

Engineering and Construction Business

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

The unprecedented COVID-19 pandemic has severely impacted the on-going projects in term of labour crunch, delay of project delivery lead time, supply chain disruption and rising input costs, which will dampen the profitability and liquidity. Nonetheless, the Group are committed and devoted to completing all projects under asset enhancement cluster as concurred with clients and consultants. The Group will relentlessly take proactive approaches to contain the rising input costs and implement cash conservation exercise to ride through these challenges by improving the profitability and liquidity.

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

On 28 January 2022, the Company also announced that it has entered into a non-binding termsheet with two investors. It will be followed by due diligence and fulfillment of certain terms and conditions (as defined in the announcement) to complete the new investment by the investors. This potential investment is essential and a critical step forward for the Group to proceed with the proposed restructuring plan.

Trans Equatorial has been approved to be placed under creditor voluntary liquidation ("CVL:") on 12 January 2022. Ms. Oon Su Sun and Mr. Lin Yueh Hung of RSM have been appointed as liquidators for the purposes of the CVL.

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

Infrastructure Business

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

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

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

5. Interested person transactions

No IPT mandate has been obtained for the period under review. However, the Company wishes to disclose the following aggregate value of interested person transactions conducted during the financial period ended 30 September 2021.

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

[1] Tramore Global Limited ("TGL") is a controlling shareholder of the Company, holding direct interest of 53.39% of the issued share capital of the Company. As at 30 September 2021, TGL granted unsecured interest-free loans of S$2.9 million in total to the Company and a subsidiary of the Company. The repayment date of the loan is on 31 December 2022, or any dates as may be agreed by TGL and the Company.

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

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

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

7. Additional information required pursuant to Rule 706A

Deregistration of Subsidiaries and Associate Company

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

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

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

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

We, Phua Cher Chuan and Teo Yi-Dar, being two Directors of TEE International Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31 December 2021 to be false or misleading in any material aspect.

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

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

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

On behalf of the Board of Directors,

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Phua Cher Chuan
Group Chief Executive and Managing Director

Dated: 14 February 2022

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