TEE LAND LIMITED ANNUAL REPORT 2017

CREATIVE
EFFECTIVE
INNOVATIVE
RELIABLE
PASSIONATE
VISIONARY
DISTINCTIVE

TEE LAND

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.

CONTENTS

CORPORATE PROFILE

WE ARE AN ESTABLISHED PROPERTY DEVELOPER WITH A STRONG TRACK RECORD OF DELIVERING QUALITY AND WELL-DESIGNED LIVING AND WORKING SPACES THAT HARMONISE SOCIETIES, BUSINESSES AND PEOPLE

TEE Land Limited ("TEE Land" or "the Group") is a regional real estate developer and investor, with a presence in Singapore, Malaysia, Thailand, 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 and working spaces that harmonise societies, businesses and people. Our property development projects are pre-dominantly 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 main board of the Singapore Exchange in 2013, the Group is a subsidiary of SGX Mainboard listed TEE International Limited.

TEE LAND

PEOPLE

COMMUNITY

EXCELLENCE

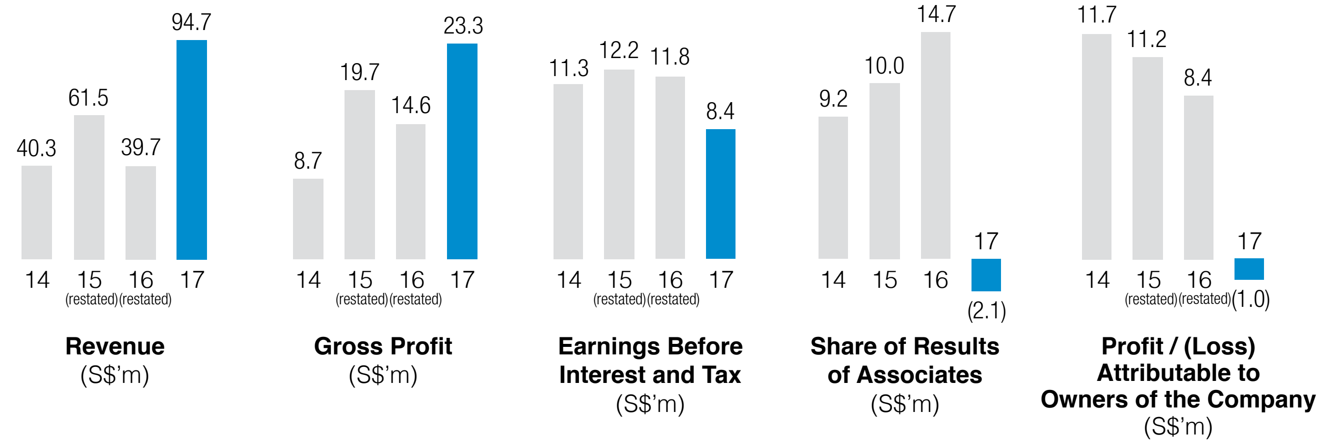
PASSION

DOING WHAT WE LOVE
LOVING WHAT WE DO

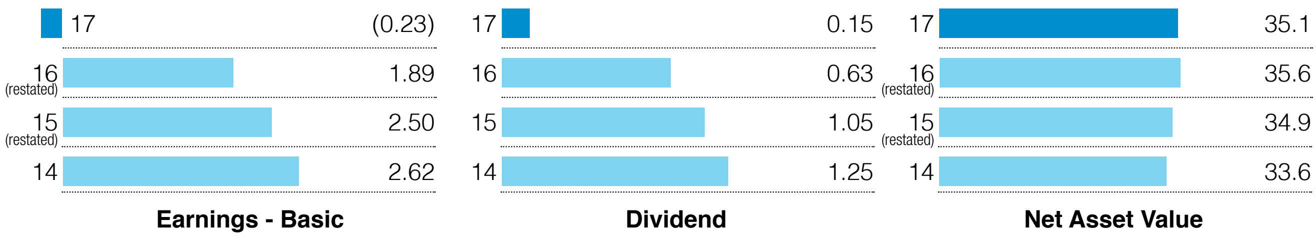
SINGAPORE PROJECTS

1. Hilbre28, *Artist Impression*
2. 31 & 31A Harvey Avenue, *Artist Impression*
3. 183 LONGHAUS, *Artist Impression*
4. The Peak @ Cairnhill I

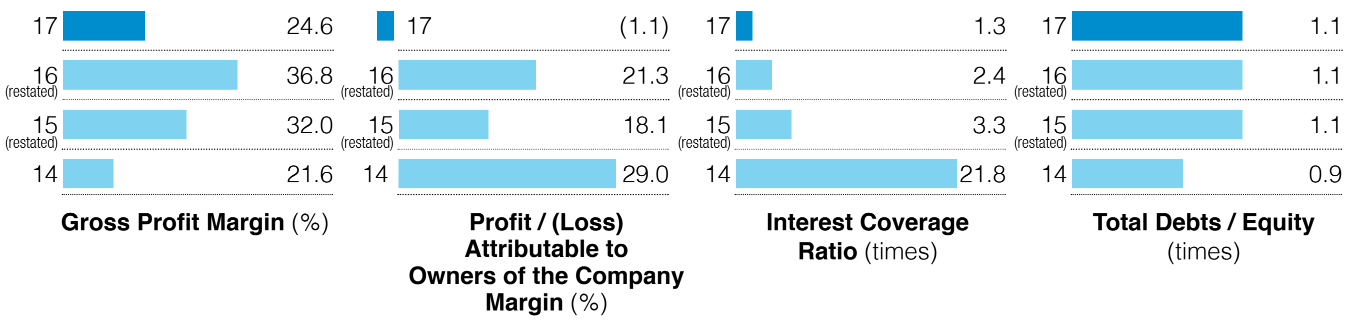
FINANCIAL HIGHLIGHTS



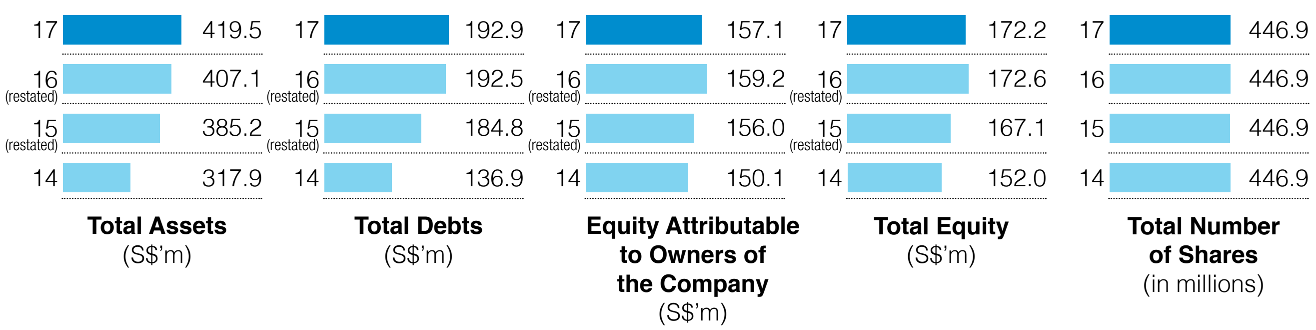
PER SHARE (CENTS)



FINANCIAL RATIOS



AT YEAR-END



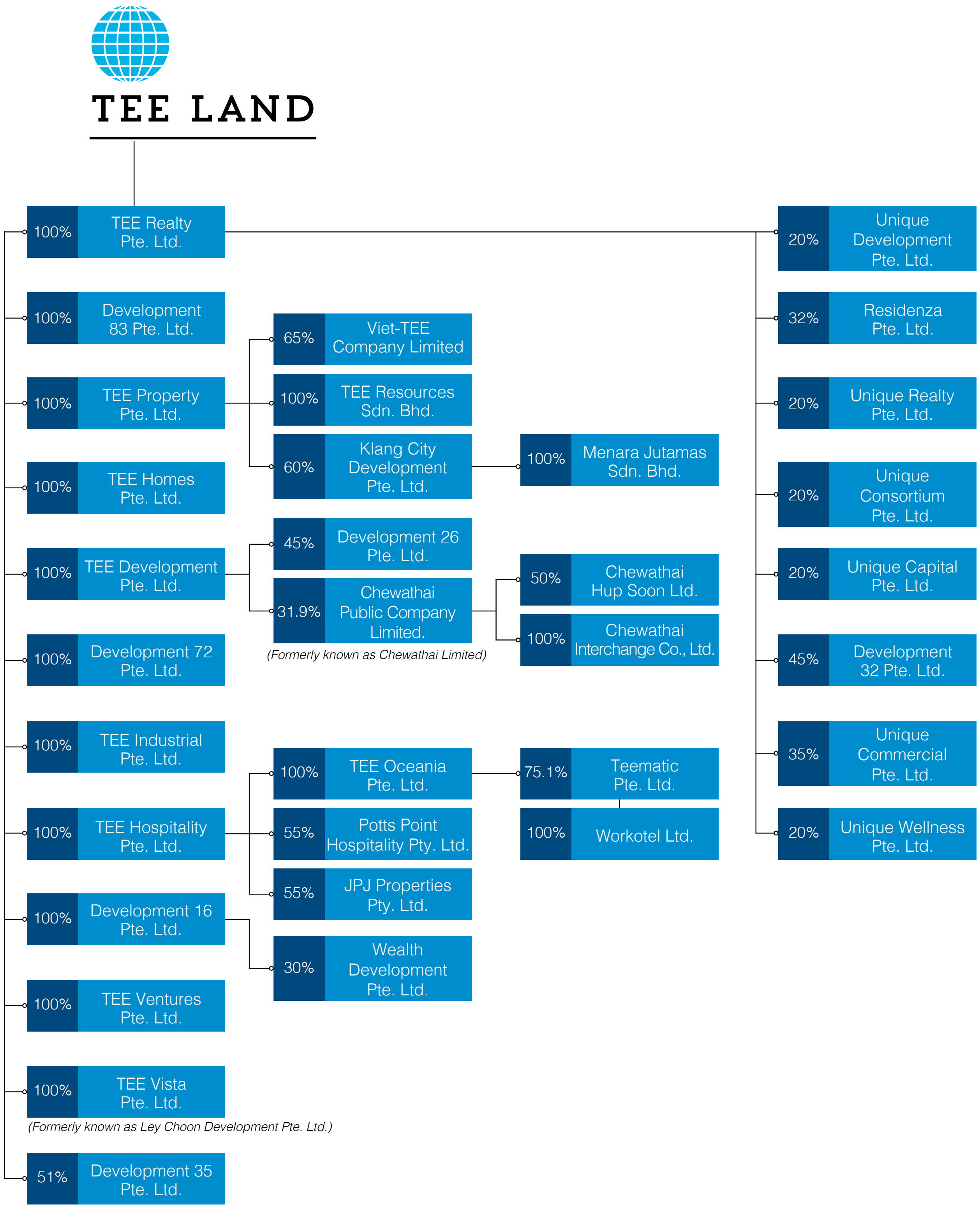
DISTINCTIVE

A CUT ABOVE THE REST
MILES AHEAD OF THE COMPETITION

OVERSEAS PORTFOLIO

1. Chewarom Rangsit - Don Meaung, *Artist Impression*
2. Third Avenue, Malaysia, *Artist Impression*
3. Chewathai Petchkasem 27, *Artist Impression*

CORPORATE STRUCTURE



MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The past year has not been an easy one with the Group fronting various challenges such as subdued growth in the countries we operate in, property measures and their continual impact, as well as an uncertain operating environment. Despite these, TEE Land continues to persevere and execute its planned key initiatives with the support of its board of directors and team.

UPHOLDING SALES GROWTH

During the year, we continued to improve the sales of unsold units for various development projects in Singapore and Malaysia on the back of increased marketing efforts to reach out to potential buyers. In this regard, we are pleased to update that Hilbre28, which reported 60% sales in the last annual report, has obtained temporary occupation permit in May 2017 and is fully sold to date. We have also achieved good take-up at The Peak @ Cairnhill I, which is left with 4 units.

Presently, the Group is in the midst of constructing three ongoing projects, namely 183 LONGHAUS and 31 & 31A Harvey Avenue in Singapore, and Third Avenue in Cyberjaya, Malaysia. Sales for these three projects have been encouraging. 183 LONGHAUS' residential units are 95% sold while 31 Harvey Avenue has been sold. Residential and commercial units at Third Avenue are approximately 90% sold.

In Thailand, our associated company, Chewathai Public Company Limited, launched its latest residential project - Chewathai Petchkasem 27, a freehold high-rise condominium development – which has been well-received by the Thai market.

HARNESSING VALUE

In April 2017, TEE Land made the strategic decision to sell its Quality Hotel CKS Sydney Airport for AUD32.0 million (SGD33.63 million). This sale accords with the Group's aim to realise value from its Australian hotels and the Group's share of the net proceeds amounted to AUD5.12 million (SGD5.35 million). TEE Land continues to engage interested purchasers for its other Australian hotel - Larmont Hotel.

DISTINGUISHING OURSELVES

In these competitive market conditions, we firmly believe it is vital to distinguish ourselves from our competitors. Staying close to our roots, we continue to develop high quality and practical freehold boutique condominiums in good localities. When a good opportunity arises, we will also explore the option of developing freehold landed properties.

To remain competitive, we are nimble in terms of keeping up with current trends and are dedicated to being a reliable and efficient developer. Our upcoming launches, 24One Residences and Geylang Lorong 35, will include smart-home features in their designs. We are determined to ensure quality and timely delivery for our ongoing projects.

In-line with the government encouraging greater innovation, our past and upcoming projects feature such as tri-key apartments and first-floor duplexes. The Group endeavours to enhance the value and customer satisfaction of its products through efficient layouts and designs as well as the use of new materials.

IN THESE COMPETITIVE MARKET CONDITIONS, WE FIRMLY BELIEVE IT IS VITAL TO DISTINGUISH OURSELVES FROM OUR COMPETITORS. STAYING CLOSE TO OUR ROOTS, WE CONTINUE TO DEVELOP HIGH QUALITY AND PRACTICAL FREEHOLD BOUTIQUE CONDOMINIUMS IN GOOD LOCALITIES.

With these various aspects distinguishing us from the others, we believe we will carve a niche in the real estate space.

STAYING PASSIONATE THROUGH ADVERSITIES

In spite of the present tough operating conditions, we are thankful to the management and staff who personify passion in their work. All things are possible only through the united effort of every individual in TEE Land. As retired Canadian sprinter Donovan Bailey once said, "Follow your passion, be prepared to work hard and sacrifice, and, above all, don't let anyone limit your dreams." Together, we are confident that the Group will overcome any obstacle and prevail.

OUTLOOK FOR THE YEAR AHEAD

Looking ahead, we will be launching 24One Residences at Pasir Panjang and another residential development located at Geylang Lorong 35, both of which are freehold and located near MRT stations. Thus, we are optimistic that sales will be strong for both projects. Simultaneously, we will continue to scout for suitable development land sites, as well as explore opportunities to acquire assets with attractive capital appreciation and/or redevelopment potential, both locally and overseas, to continue our track record of creating value for our shareholders.

In addition, with greater emphasis being placed on sustainability and having seen the benefits of sustainability reporting on businesses, we are determined to kick start the sustainability reporting process in the upcoming financial year. We firmly believe that sustainability reporting can pinpoint areas of improvement.

SHOWING APPRECIATION TO OUR STAKEHOLDERS

Taking into account the current financial performance of the Group, TEE Land did not declare a final dividend for FY2017. However, the Group had declared an interim dividend of 0.15 Singapore Cents per ordinary share, which was paid on 24 March 2017, for FY2017.

On behalf of the Board, we would like to show our appreciation to all stakeholders – shareholders, customers, business partners, the management and staff – for their continuous support for the Group through great times and adversities. With this support from our stakeholders, a robust management and committed staff in place, we will continue to pursue better performance.

Er. Dr. Lee Bee Wah
Non-Executive Chairman

Phua Cher Chew
Executive Director and Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

COMPETITIVE STRENGTHS

1 EXPERIENCED DEVELOPER IN SINGAPORE

Singapore remains as the foundation of the Group's business. To date, the Group has completed 17 projects in Singapore. The Group has another 6 projects currently being launched and/or under construction, including joint venture projects in Singapore. With experience, the Group strives to gradually moving away from joint venture projects towards wholly-owned projects.

The Group has illustrated a good track record in securing well located 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.

2 ESTABLISHED PRESENCE BEYOND SINGAPORE

TEE Land is a regional developer and investor with an established presence in Malaysia, Thailand, Australia and New Zealand. TEE Land develops property for residential, commercial and industrial use, as well as, invests in income-generating assets.

TEE Land is constantly on the lookout for good investment opportunities both locally and regionally, while seeking to establish a balanced portfolio of projects across both geographical regions and asset types to mitigate market risks.

3 DELIVER QUALITY DEVELOPMENTS

TEE Land is recognised for providing quality homes that satisfy buyers. We have a proven track record of creating living and working spaces that harmonise societies, businesses and people. The Group endeavours to deliver quality, reliability and value to home buyers, as well as provide integrated business solutions for enterprises in industrial and commercial development.

Above all, the Group firmly believes in developing products that cater to the local communities in various markets we have a presence in. The Group adopts a different product and pricing strategy for different markets in response to the local demand and affordability. Where possible, the Group seeks to replicate and adapt similar products or concepts that have been successful in Singapore to our overseas projects.

4 LEVERAGE ON THE GROUP NETWORK

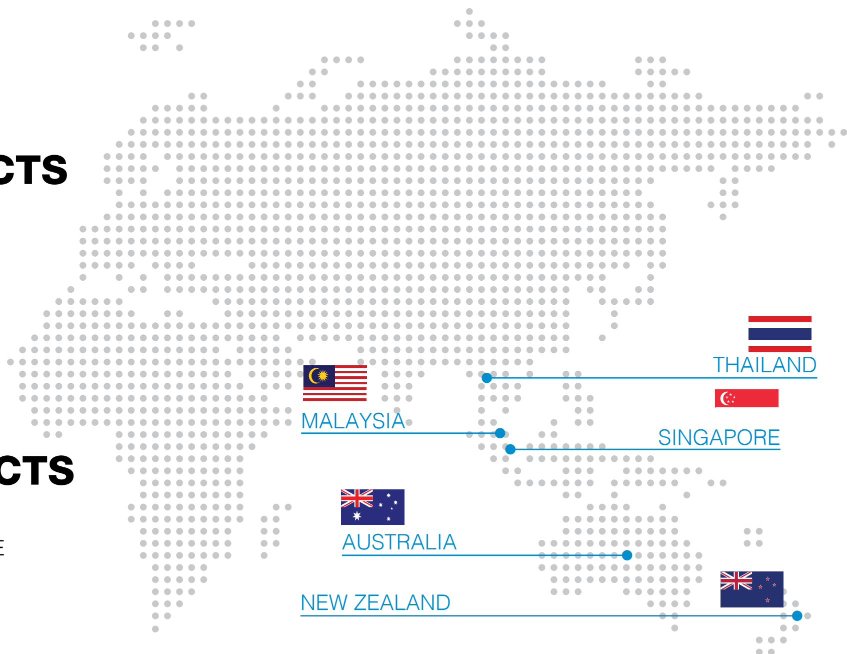
As part of TEE International Limited, TEE Land is underpinned by a shared heritage of success. This performance-based culture is supported by a forward-looking management team and a diverse talent workforce, which are focused on enhancing shareholders' value.

Leveraging on the TEE Group network with its experience and engineering expertise, TEE Land is able to provide an integrated service from land acquisition, design and construction to suit end users' needs. With an established network comprising of professionals and consultants, the Group is able to deliver quality and innovative solutions.

A look at our number regionally:

13 PROJECTS
CURRENT
6 SINGAPORE
7 OVERSEAS

27 PROJECTS
COMPLETED
17 SINGAPORE
10 OVERSEAS



RESIDENTIAL

SINGAPORE

Name of Property	Location	Land Area (sqm)	Tenure	No. of Units	Estimated Completion / TOP Date	Group's Effective Interest
Completed						
Rezi 3Two	Geylang, Lorong 32	1,234	Freehold	65	Jun-17	45%
Hilbre 28	68 Hillside Drive	2,000.5	999 years commencing from 1st Sep 1876	28	May-17	100%
Rezi 26	Geylang, Lorong 26	2,473.5	Freehold	106	Sep-15	45%
Palacio	Lor M Telok Kurau Rd	2,966.4	Freehold	21	Dec-15	32%
Sky Green	568 MacPherson Road	6,218.2	Freehold	176	Nov-15	20%
The Peak @ Cairnhill I	51 Cairnhill Circle	976.84	Freehold	52	Sep-14	100%
On-going						
24One Residences	241 Pasir Panjang	1,201.5	Freehold	24	Mar-19	100%
31 & 31A Harvey Ave	31 & 31A Harvey Avenue	1,025.8	Freehold	2	Dec-17	100%
Upcoming						
Rezi 35	Geylang, Lorong 35	1,114.96	Freehold	44	Dec-19	51%

THAILAND

Name of Property	Location	Land Area (sqm)	Tenure	No. of Units	Estimated Completion / TOP Date	Group's Effective Interest
Completed						
Chewathai Interchange	Pracharaj Sai 2 Road	2,850	Freehold	279	Dec-15	31.9%
Hallmark Chaengwattana	Chaengwattana Soi 17	5,597	Freehold	427	Dec-15	31.9%
Hallmark Ngamwongwan	Ngamwongwan Soi 2	11,482	Freehold	792	Mar-15	31.9%
On-going						
Chewathai Residence Bangpho	Pracharat Sai 2 Road	2,364	Freehold	172	Dec-17	31.9%
Chewathai Phetkasem 27	Petchkasem 27	16,692	Freehold	638	Jun-18	31.9%
Chewarom Rangsit	Rangsit Klong 1	3,640	Freehold	81	Sep-18	31.9%

MIXED DEVELOPMENTS

Name of Property	Location	Land Area (sqm)	Tenure	No. of Units	Estimated Completion / TOP Date	Group's Effective Interest
On-going (Singapore)						
183 Longhaus	183 Upper Thomson Road	1,575.6	Freehold	40 Residential 10 Commercial	Dec-18	100%
On-going (Malaysia)						
Third Avenue	Jalan Technocrat 3, Cyberjaya Selangor	24,085	Freehold	701 Residential 31 Commercial Office Tower	Jun-18	100%

COMMERCIAL

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

INCOME-GENERATING

Name of Property	Location	Land Area (sqm)	Tenure	Group's Effective Interest
Completed (Singapore)				
TEE Building	25 Bukit Batok	2600.1	30+30 Lease	100%

INCOME-GENERATING

Name of Property	Location	No. of Rooms	Additional Work	Group's Effective Interest
Completed (Overseas)				
Workotel	19 Main South Road, Christchurch, New Zealand	107 Units and 4 Houses	N.A.	75.10%
Thistle Guest House	21 Main North Road, Christchurch, New Zealand	10	N.A.	75.10%
Larmont Hotel Sydney	2-14 Kings Cross Rd, Potts Point NSW	103	N.A.	55%

OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

Revenue for the financial year ended 31 May 2017 ("FY2017") increased by S$55.0 million (138.2%) due mainly to higher progressive revenue recognised for development projects, particularly Third Avenue in Malaysia, Hilbre28 and a new development project, 183 Longhaus in Singapore. The Group has also changed its revenue recognition policy for retail units in a mixed use development in Malaysia, from completed contract method to percentage of completion method. This change in revenue recognition method is more appropriate as retail units in a mixed use development are housed in the same building as the residential units and have similar characteristics. The prior year's comparative figures have been restated arising from this change of accounting policy.

COST OF SALES

Cost of sales for FY2017 increased by S$46.2 million (184.0%) while gross margin decreased from 36.8% in FY2016 to 24.6% in FY2017. This was due mainly to higher revenue contribution from development projects which has a lower gross margin, as compared to FY2016 that had proportionately higher revenue contribution from hotel operations and rental income.

OTHER OPERATING INCOME

Other operating income for FY2017 increased by S$4.6 million (134.2%) due mainly to a gain on disposal of Quality Hotel in Sydney, offset to some extent by the gain on dilution of equity in FY2016 in the Thailand associate, Chewathai Public Company Limited, which was listed in April 2016.

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs for FY2017 increased by S$2.2 million (71.9%) due mainly to higher sales and direct marketing expenses arising from the higher development project revenue recognised.

ADMINISTRATIVE EXPENSES

Administrative expenses for FY2017 decreased by S$1.7 million (13.8%) due mainly to cessation of depreciation for the two Australian hotels, as the two hotels were being classified as non-current assets held for sale.

OTHER OPERATING EXPENSES

Other operating expenses for FY2017 included an impairment of completed properties held for sale of S$2.9 million.

FINANCE COSTS

Finance costs for FY2017 increased by S$1.3 million (25.7%) due mainly to additional loan required for the conversion of the 11th floor and penthouse in Larmont Building to hotel rooms, refinancing costs for the completed development project Peak I and the corporate building, as well as break-cost for early redemption of Quality Hotel loan when the hotel was sold.

SHARE OF RESULTS OF ASSOCIATES

Share of results of associates decreased by S$16.8 million in FY2017 due mainly to impairment charge and expected loss recognised in some of the development projects in Singapore, as well as the completion of a number of development projects and full recognition of revenue in FY2016.

PROFIT BEFORE TAX

Overall, profit before tax for FY2017 decreased by S$4.9 million (59.5%) from S$8.2 million in FY2016.

TAX EXPENSE

Tax expense for FY2017 increased by S$3.0 million due mainly to the gain from disposal of Quality Hotel and taxable profit from progressive revenue recognised for the Third Avenue project.

PROFIT AFTER TAX

As a result of the above, profit after tax for FY2017 decreased by S$7.8 million from S$8.1 million in FY2016 to S$0.3 million in FY2017.

STATEMENTS OF FINANCIAL POSITION

CASH AND BANK BALANCES

Cash and bank balances increased from S$26.4 million as at 31 May 2016 to S$34.1 million as at 31 May 2017, due mainly to the net proceeds from the sale of Quality Hotel, dividends received from and net repayment of loans by associates, offset to some extent by the increase in development properties.

TRADE RECEIVABLES

Trades receivables increased from S$7.9 million as at 31 May 2016 to S$18.6 million as at 31 May 2017 due mainly to progressive billings for development property projects.

OTHER RECEIVABLES

The current portion of other receivables decreased from S$24.6 million as at 31 May 2016 to S$12.3 million as at 31 May 2017 due mainly to repayment of refundable deposit received from Thailand, payment received from the former joint development partner and transferring of land deposit for Lorong 35 Geylang to Development properties as the purchase of land was completed.

LOANS RECEIVABLE FROM ASSOCIATES

Loans receivable from associates (current and non-current) decreased from S$28.8 million as at 31 May 2016 to S$25.9 million as at 31 May 2017 due mainly to repayment of loans by associates.

DEVELOPMENT PROPERTIES

Development properties increased from S$115.6 million as at 31 May 2016 to S$147.9 million as at 31 May 2017 due mainly to the land cost for Lorong 35 Geylang, acquisition of land at 241 Pasir Panjang Road and progressive capitalisation of construction and development costs as construction of the development properties progressed, offset to some extent by the reduction of development property cost for Hilbre28 as this project was completed in May 2017.

NON-CURRENT ASSET HELD FOR SALE

Non-current asset held for sale of S$47.5 million as at 31 May 2017 was for Larmont Hotel in Australia. Similar to the sale of Quality Hotel, the intention was to dispose Larmont Hotel in order to realise its value.

INVESTMENT IN ASSOCIATES

Investment in associates decreased from S$47.7 million as at 31 May 2016 to S$40.3 million as at 31 May 2017 due mainly to payment of dividends by associates.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased from S$90.0 million as at 31 May 2016 to S$0.74 million as at 31 May 2017 due mainly to the sale of Quality Hotel, reclassification of Larmont Hotel as non-current asset held for sale and reclassification of the corporate building as investment property effective from April 2017. This also resulted in the increase in investment properties from S$11.7 million as at 31 May 2016 to S$35.8 million as at 31 May 2017.

TRADE PAYABLES

Trade payables increased from S$11.7 million as at 31 May 2016 to S$24.2 million as at 31 May 2017 due mainly to construction costs payable as construction of the development properties progressed.

TERM NOTES

Term notes of S$29.9 million were reclassified from non-current liability to current liability as the term notes are payable within the next 12 months.

OTHER PAYABLES

The non-current portion of other payables, which amounts to S$3.7 million, was a shareholder's loan from non-controlling interest for the Lorong 35 Geylang development project.

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES

The Group used cash of S$20.5 million in operating activities in FY2017 due mainly to the increase in development properties, net increase in receivables and income tax paid, offset to some extent by net increase in payables.

INVESTING ACTIVITIES

Net cash of S$39.6 million was generated from investing activities in FY2017 due mainly to the sales proceeds from disposal of property, plant and equipment (the disposal of Quality Hotel), dividends received from and net repayment of loans by associates, and loans from non-controlling interests, offset to some extent by the purchase of property, plant and equipment (renovation of the 11th floor and penthouse of Larmont Building to increase hotel rooms.

FINANCING ACTIVITIES

Net cash of S$9.3 million was used in financing activities in FY2017 due mainly to the repayment of a long-term loan, payment of interest and dividends, offset to some extent by the release of fixed deposit pledged for loan purpose as the loan was repaid and capital injected by non-controlling interests.

As a result, there was a net increase in cash and cash equivalents of S$9.7 million, thereby bringing the total cash and cash equivalents amount to S$34.1 million as at 31 May 2017.

BOARD OF DIRECTORS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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 ("IStructE") in the United Kingdom.

She is an Honorary Fellow Member of IES and a Board Member of the Professional Engineers Board, Singapore. 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 ranged 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 and CEO

Mr. Phua Cher Chew is our Executive Director and CEO. 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 our Group's rapid growth, leading to the expansion of our business and operations.

Prior to his appointment in TEE International, he worked in Trans Equatorial Engineering Pte. Ltd. (a wholly-owned subsidiary of TEE International) holding the positions of general manager of business development and business development manager. In April 2016, TEE Land's associated company, Chewathai Public Company Limited, was listed on the Market for Alternative Investments of the Stock Exchange of Thailand.

Mr. Phua was appointed on the Board of Chewathai as Non-Executive Director. 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.

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MS. SAW CHIN CHOO

Non-Executive Director

Ms. Saw Chin Choo has over 30 years of engineering projects experience, and has worked as an executive director on the board of TEE International since September 2004. Currently, she is the managing director (Engineering – Malaysia and Brunei) of TEE International and is responsible for their engineering business.

She is also a non-executive director on the boards of six of our Subsidiaries and Associated Companies, and serves on the boards of PBT Engineering Sdn Bhd (Brunei), PBT Engineering Pte. Ltd. and Oscar Design & Decoration Co Ltd, which are subsidiaries or associated companies of TEE International.

Prior to her current position in TEE International, she worked in PBT Engineering Pte. Ltd. (a wholly-owned subsidiary of TEE International) and held the positions of senior project director, project director and project manager during her tenure. Between 1982 and 2000, she worked as a quantity surveyor and project coordinator at Vantage Construction Pte. Ltd., a project executive at Specon Builders Pte. Ltd. and a quantity surveyor with Neo Corporation Pte. Ltd.

Ms. Saw holds an Advanced Diploma in Building Surveying and Inspection from Ngee Ann Polytechnic in August 1989 and a Technician Diploma in Building from Singapore Polytechnic in April 1982.

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DATO PADUKA TIMOTHY ONG TECK MONG

Non-Executive Director

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 has been active in public affairs in Brunei and abroad. He chaired the Brunei Economic Development Board (BEDB) from June 2003 to November 2010 and the APEC Business Advisory Council (ABAC) in 2000. He was chairman of the 23rd ASEAN-Japan Business Meeting and represented Brunei in the APEC Eminent Persons Group (EPG) from 1993 to 1995.

Dato Ong is the recipient of various state honours, including the Most Honorable Order of Seri Paduka Mahkota Brunei (Second Class) (DPMB) 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.

BOARD OF DIRECTORS

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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.

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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.

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 for 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 and a council member of ISCA. He is also the Chairman of the Public Accounting Practice Committee of ISCA and Senior QA Advisor for the Quality Assurance Review Programme of ISCA.

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MR. LIM TECK CHAI, DANNY

Independent Director

Mr. Lim Teck Chai, Danny is currently an equity partner in Rajah & Tann Singapore LLP.

Mr. Lim joined Rajah & Tann Singapore LLP upon graduation in May 1998 and has since been practicing and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has experience in acquisitions, investments, takeovers, initial public offerings and restructurings, and his clients include multinational corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.

Mr. Lim holds a Bachelor of Law (Honours) degree from the National University of Singapore and a Master of Science (Applied Finance) degree from the Nanyang Technological University.

KEY EXECUTIVES

MR. DAVID NG TAH WEE

Financial Controller and Company Secretary

Mr. Ng Tah Wee, David is our Financial Controller and is responsible for our Company'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 are listed on SGX-ST Main Board. 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 our Group. He has been in the industry since 1979, and has last experience in real estate project and construction management. In the course of his career, he had been involved with managing both local and overseas projects in the USA, China, Hong Kong, Indonesia and Malaysia.

Prior to joining our 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. Raymond 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 2005.

Mr. Wong graduated with a Bachelor in Construction Economics (with Distinction) from the Royal Melbourne Institute of Technology, Australia; and 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 in for overseeing the performance of the Group's overseas investments and assists the CEO in the evaluation and developments of new investments as well as various aspects of day-to-day operations.

Mr. Toh brings with him more than 10 years of experience in financial management and reporting, audit and operations. Prior to joining the Group, Mr. Toh had 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.

MS. FANNY CHENG HUI FEN

Assistant General Manager (Property Development)

Ms. Fanny Cheng is our Assistant General Manager (Property Development) and is responsible for overseeing matters relating to property development, sales and marketing operations of our Group.

She joined the Group since 2004 and has held various appointments in the Group mainly in business development. Ms. Cheng spearheads the business development in land acquisition and property development, including development planning, marketing and sales launches in Singapore. She also performs strategic product improvement to new developments to enhance its project attributes and values.

Ms. Cheng holds a Bachelor of Science (2nd Upper Honours) Degree with a specialisation in Management from Manchester Business School, University of Manchester, a Graduate Certificate in Real Estate Finance from National University of Singapore and a Civil and Structure Engineering Diploma from Singapore Polytechnic.

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 - comprising staff and management, the financial community, the media and the public, which will ultimately contribute to achieving fair valuation of TEE Land.

INVESTOR RELATIONS POLICY

TEE Land is committed to delivering timely, transparent, and consistent disclosures to all stakeholders - its shareholders, the financial community 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 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.

CORPORATE GOVERNANCE

To upkeep good corporate governance practices, TEE Land has undertaken the pledge for board diversity launched by the Singapore Institute of Directors. "We are committed to enhancing decision making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the members of the Board." At present, board diversity has been readily embraced through a rigorous nomination process put in place to select our board members.

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 case any stakeholders have any pressing enquiries, 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.

INVESTORS, SHAREHOLDERS AND MEDIA CONTACT

TEE Land Limited

Tel: (65) 6899 1428

Email: ir@teeland.com.sg

Ms. Celine Ooi
Senior Manager, Investor Relations cum Business Development

TEE International Limited

Tel: (65) 6697 6589

Email: ir@teeintl.com

IR Calendar	
2017	
Jan	Announcement of FY2017 Half-Year Results
Apr	Announcement of FY2017 Third Quarter Results
May	Financial Year End, Extraordinary General Meeting
Jul	Announcement of FY2017 Full-Year Results
Sept	5th Annual General Meeting
Oct	Announcement of FY2018 First Quarter Results
2018	
Jan	Announcement of FY2018 Half-Year Results
Apr	Announcement of FY2018 Third Quarter Results
May	Financial Year End
Jul	Announcement of FY2018 Full-Year Results
Sept	6th Annual General Meeting
Oct	Announcement of FY2019 First Quarter Results

SUSTAINABILITY REPORT HIGHLIGHTS

Sustainability is essential to TEE Land's corporate philosophy. Recognising the importance of sustainability, we place a strong emphasis on good corporate governance and risk management practices throughout the organisation. TEE Land is committed to integrating sustainability throughout the Group, in aspects such as strategic planning, project management, financial management and human resource management.

SUSTAINABLE BUSINESS GROWTH

TEE Land is committed to sustainable business growth through the integration of good corporate governance and risk management practices. In the spirit of good corporate governance, TEE Land seeks to adopt best practices across the organisation that comply with the statutory rules and regulations. We endeavour to have a well-balanced board and have pledged our support towards board diversity as a vital attribute of a well-functioning and effective Board.

HUMAN CAPITAL

Our workforce is one of our key assets. In TEE Land, we foster a cohesive and performance-driven work environment to attract, retain and develop our people. Recognising leadership renewal and succession planning as key aspects of human resource management that lay the foundation for long-term growth, the Group has instituted a fair system of equal opportunities for all employees.

CORPORATE SOCIAL RESPONSIBILITY

Our innate core values fuel our passion to make a change in people's lives and have a positive impact on the community through fostering and cultivating a spirit for caring for the society. Employees are strongly encouraged to engage in volunteerism and are supported by the Group to do so. TEE Land has adopted Villa Francis Home for the Aged as a beneficiary for our volunteer programmes, which entails spending time with residents and organising activities regularly for them.

OCCUPATIONAL SAFETY AND HEALTH

With our stakeholders – employees, customers and contractors - playing vital roles in the long-term growth of TEE Land's business operations, their safety and health are one of our top priorities. We pride ourselves in upholding high standards of safety and health awareness and protocols through our comprehensive workplace safety practices and health programmes, which serve to inculcate the right philosophy that endorses a safe workplace and healthy lifestyle. All workplace safety practices and health programmes are regularly reviewed to ensure that the stringent safety and health standards we strive for are strongly advocated.

SUSTAINABLE BUSINESS GROWTH & RISK MANAGEMENT

Through stringent corporate governance compliance and risk management practices, TEE Land endeavours for sustainable business growth. With risk management being a significant part of our business activities and decision-making practices, the Board is committed to instituting and upholding a strong and practical risk management framework.

In today's multi-faceted business climate, effective risk management is required to achieve continuous profitable growth. As such, concerted risk management procedures are thoughtfully structured before being integrated into all organisational decision-making processes.

TEE Land has embraced the Enterprise Risk Management ("ERM") Framework, which is consistent with the ISO31000 by the International Organisation for Standardisation. This framework, which is an extension of the Group's internal control processes, empowers us to be vigilant and ready while managing documented risks in an efficient and structured manner. The ERM Policy Manual illustrates TEE Land's strategy and procedure, which have been endorsed by the Board of Directors.

The ERM framework incorporates five correlative elements: (i) Risk and Strategy and Policy, (ii) Risk Management Process, (iii) Organisation Structure, (iv) Culture and People, and (v) Technology and Tools. In the relentless pursuit of improvement, the ERM framework is revised on a regular basis to take into account the ever changing business and operating environments and corporate governance requirements. Internal and external stakeholders are continuously engaged to gauge risk management performance.

The risk management process involves five activities: (i) Determining Context, (ii) Risk Assessment, (iii) Risk Treatment, (iv) Risk Monitoring and (v) Risk Reporting.

With the first step of risk management being risk identification, we have identified broad categories of risks namely (i) Business and Strategic Risk, (ii) Operational Risk, (iii) Financial Risk, (iv) Health & Safety Risk, (v) Compliance and Legal Risk and (vi) Reputational Risk. Before risk evaluation, risk analysis needs to be finalised, which involves the consideration of: (i) the cases and sources of risk, (ii) their potential impact or consequence, and (iii) the likelihood that those consequences can arise.

The first phase of TEE Land's Risk Management procedure is qualitative analysis, which entails identifying major risks and obtaining a general indication of the risk level. When applicable, the next phase which entails a more specific and quantitative analysis of risks will take place to address the risks.

SUSTAINABILITY REPORT HIGHLIGHTS

The TEE Land Risks Register holds a record of defined and summarised short to medium term identified risks that affect the success of TEE Land's business objectives and financial performance. Lastly, the risks are ranked in accordance to their likelihood and resulting impact to TEE Land as a group before being managed and mitigated by the counter measures.

HUMAN CAPITAL

MANAGING DIVERSITY

TEE Land advocates a diverse workforce, as seen through the demographics of our employees illustrating a diversity of men and women from distinct culture, different nationalities, diverse backgrounds and various qualifications. The Group ensures that any form of discrimination is absent from our employment and career advancement practices. In addition, a cohesive and inclusive work environment that embraces cultural diversity is fostered. With all employees understanding and respecting various religions and cultures, working in the TEE Group will be a pleasant experience.

Workforce Composition

Average age

Singaporean, Malaysian, PRC

Nationalities

Statistics on Qualification

19 Degree & above

11 Diploma & equivalent

2 Secondary & below

25 Less than 5 years

5 5 to 10 years

2 More than 10 years

As TEE Land is a relatively young company that only recently begun increasing headcount in accordance with the expanding business, the majority of our employees have been in the company for less than 5 years. Our employees come from diverse backgrounds, coming from three countries - namely Singapore, Malaysia and China. Our employees also hold various qualifications.

With a diverse workforce, we feel it is imperative to foster a cohesive work environment, as well as to strongly encourage mutual respect and understanding for one another's differences. With such inclusiveness, employees will have a good experience working in the Group.

"Key Executives" are personnel driving the business functions. "Senior Management" encompasses personnel who are department heads or in senior managerial positions. "Site Operations" refers to employees who facilitate work processes on-site in the technical field. TEE Land has an extensive and comprehensive review system which is applied throughout the Group, as illustrated through how every employee regardless of gender or position receiving regular performance and career development reviews. We believe that such reviews will aid in developing the skillsets of our human capital.

Number of employees receiving regular performance and career development reviews, by gender and by employee category	
Female	
Key Executives	2
Junior & Middle Management	2
Administrative & Clerical	11
Total	**15**

Male	
Board of Directors - Executive	1
Key Executives	5
Junior & Middle Management	3
Administrative & Clerical	3
Site Operations	5
Total	**17**

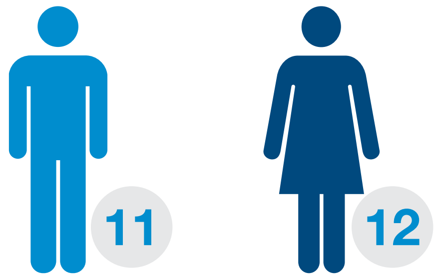
EMPLOYEE DEVELOPMENT

With the firm belief that people are TEE Land's most essential and valued resource, attracting, retaining and developing our people is a priority. A cohesive and performance-driven work environment is adopted, which complements the unified culture built and led by senior and executive management teams.

To encourage and support employees to reach their fullest potentials, TEE Land has instituted development programmes that engage promising employees. All employees undergo a fair selection for training and development programmes based on their strengths and work requirements.

Aside from maintaining a capable workforce, leadership renewal and succession planning need to be integrated into human resource management as the foundation for long-term growth. This encompasses defining key leadership positions and requirements, identifying high-performing candidates, assessing each candidate's readiness for new leadership roles and providing training to fill the gaps where necessary.

Average hours of training per year per employee by gender,



Male Employees

Average training hours for Male Employees

Female Employees

Average training hours for Female Employees

186.50

Total Training Hours

HEALTH AND WELLNESS OF EMPLOYEES

To ensure the well-being of our employees, TEE Land's organises a variety of activities and initiatives such as bowling competition and team building activities. To promote a healthy lifestyle that incorporates exercise, employees are strongly encouraged to participate the mass exercise classes such as Kpop Fitness and Kickboxing. Weekly runs with a buddy system – incentivised with the prospects of participating in an overseas run if eligible - are held to motivate employees to exercise regularly.

In addition to encouraging a healthy mind and body, we have staff appreciation and staff bonding activities to strengthen interpersonal relations among our employees. Employees are also given extra time off in addition to statutory holidays to spend time with their families during their traditional, ethnic or religious festive season.

CORPORATE SOCIAL RESPONSIBILITY

With deeply entrenched core values and philosophy spurring TEE Land's commitment to Corporate Social Responsibility ("CSR"), we strive to make a positive change on the community we serve. The strong spirit of volunteerism in the Group translates into community service activities being held frequently.

Villa Francis Home for the Aged ("VF") is TEE Group's adopted charity, where a pipeline of events and activities are organised through the year for the residents at VF. In FY2017, TEE Land held activities ranging from celebration for the mid-autumn festival and Chinese New Year. In addition, we sponsored handicapped welfare buses for elderly attending the Catholic Welfare Services ("CWS") Walkathon and cajon musical instruments for VF's staff performances.

SUSTAINABILITY REPORT HIGHLIGHTS

Aside from VF, TEE Land also participated in various community programmes such as litter picking programmes to advocate a litter-free Singapore and the Boys' Brigade Share-a-Gift programme, which aims to bring cheer to the less fortunate during the festive season of Christmas through collection of gifts while promoting the spirit of caring and sharing among Singaporeans.

Aug 2016	Durian Feast at Villa Francis
Sept 2016	Mid Autumn Festival, Nee Soon Litter Picking
Dec 2016	Boys' Brigade Share-a-Gift
Jan 2017	Chinese New Year Carnival at Villa Francis
Apr 2017	CWS Walkathon 2017

OCCUPATIONAL SAFETY AND HEALTH

With a firm belief that TEE Land's employees are a key business driver for our sustainable business, the health and safety of our employees are part of our top priorities. As such, we strive to upkeep the health and safety of our employees.

TEE Land's safety and health risk practices are revised frequently and implemented stringently to reduce any latent risks of accident at construction work sites. Safety officers and supervisors conduct timely safety trainings and briefings to supplement regulatory or enhancement courses.

TEE Group has collectively 30 employees comprising internal auditors, safety officers and WSH coordinators participate in formal joint management-worker health and safety committees that aid in monitoring and advising on occupational health and safety programmes for TEE Group of companies' engineering and development projects.

Till date, TEE Land has a clean record with no cases of injuries, occupational diseases and work-related fatalities recorded.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE AT A GLANCE

Governance	Implemented and Presented in Annual Report
BOARD'S CONDUCT OF AFFAIRS	
Board size • Comprises seven (7) members as Mr. Boon resigned on 31 May 2017	Guideline 2.1
Board independence • Independent directors make up more than a third 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 4.4
Role separation between CEO & Chairman • 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 three (3) non-executive directors, two of whom (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

CORPORATE GOVERNANCE REPORT

Governance	Implemented and Presented in Annual Report
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
<u>ACCOUNTABILITY AND AUDIT</u> ***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 ("ERM") Framework in place • Considered adequate and effective	Guidelines 11.1, 11.2, 11.3, Sustainability Highlights
Internal audit function • Internal audit function is outsourced to Protiviti Pte Ltd • Internal audit works closely with external auditors • AC reviews IA effectiveness annually	Guidelines 13.1, 13.2, 13.3, 13.4, 13.5
Independence of external auditors • New auditors appointed • 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
<u>COMMUNICATION WITH SHAREHOLDERS</u> ***Timely disclosure of financial results*** • Fair and timely disclosure through appropriate channels	Guideline 15.2
Corporate website & SGXNet • Investor relations policy and distinctive link with information on website • Easy access to material information	Guidelines 15.1, 15.2
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
<u>ADDITIONAL GOVERNANCE PRACTICES</u> ***Dealings in securities*** • Details on internal compliance code	Dealing in Securities
Interested person transactions • Details on internal policy	Interested Person Transactions ("IPT")
Material contracts • Details on material contracts	Material Contracts

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board of Directors and management of 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 guidelines on corporate governance 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, and will strive to improve its corporate governance practices through regular reviews.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Guideline 1.1: Board's Role

The Board's primary objectives are to maximise long-term shareholders' value and protect the Group's assets. In its leadership role, the Board guides the Group by overseeing the effectiveness of the management and its corporate governance practices, as well as ensuring there are adequate financial and human resources for the Group to meet its objectives.

Guideline 1.2: Objective Directors

In order to perform the Board's role effectively, each individual director is obliged to always act in good faith and exercise independent judgement as fiduciaries in the best interests of shareholders.

Guideline 1.3: Delegation of Authority to Board Committees

Various Board committees, specifically 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 with 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 Company.

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.

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 arises. 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 FY2017. The attendance of directors at the Board and Board Committee meetings, as well as the frequency of the meetings, are as follows:

CORPORATE GOVERNANCE REPORT

Attendance records of meetings of the Board and Board Committees during FY2017:

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

1. Dato Paduka Timothy Ong Teck Mong is not a member of the AC but was invited to attend AC meetings.
2. Ms. Saw Chin Choo is not a member of the AC but was invited to attend AC meetings.
3. 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.
4. Mr. Boon Choon Kiat is not a member of the AC but was invited to attend AC meetings. He resigned as a director of the Company on 31 May 2017.
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.

Guideline 1.5: Matters for Board Approval

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

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

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

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

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

Guidelines 1.6 & 1.7: Director Orientation & 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 programmes and briefings by the management will be given to any new director.

All directors are regularly updated on accounting and regulatory changes, and are given further appropriate training periodically. Such training and update sessions included attendance by some directors at the Singapore Institute of Directors ("SID") Listed Company Director and Effective Board Leadership modules.

In the past year, apart from attending SID courses, the directors have attended various in-house workshops on topics ranging from enterprise risk management, the financial reporting surveillance programme administered by the Accounting and Corporate Regulatory Authority of Singapore, introduction and overview of Financial Reporting Standard 115 and updates on changes to the Companies Act.

CORPORATE GOVERNANCE REPORT

At least 50% of the Board leading the Group comprises of independent non-executive director. Each director brings to the Board skills, experience, insights and sound judgement, alongside with strategic networking relationships, which would serve to further the interests of the Group. All directors readily assume the responsibility to act with integrity and diligence collectively and independently, taking into consideration the best interests of the Group.

Principle 2: Board Composition and Guidance

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 which 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.

Recognising the importance of gender diversity for the Board, gender is a factor taken into account when determining the composition of the Board, which is illustrated through having 2 female directors in the Board since the Company was listed in 2013.

Guideline 2.1: Strong and Independent Board

During FY2017, there were eight directors on the Board, of whom four were independent directors, three were non-executive directors and one was an executive director. As of 31 May 2017, a non-executive director, Mr Boon Choon Kiat, resigned as a director of the Company. Despite Mr Boon's resignation, Board independence has not been affected. This is 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.

Aside from independence, having 25% of the Board comprising female directors would enable the Board to make objective decisions on corporate affairs through robust and balanced discussions. Inclusively, non-executive directors participate actively in constructive discussions with the management to develop strategic plans and conduct management performance 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 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.

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 advisory services pertaining to specific projects. The consultancy fees were charged at an arm's length basis. The aggregate sum of estimated payments to be made to Rajah and Tann Singapore LLP, based on the relevant shareholding proportion held by the Company in the respective subsidiaries, would amount to less than $100,000 for the financial year.

CORPORATE GOVERNANCE REPORT

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 consultants 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. Core competencies that are taken into consideration include banking, finance, accounting, business acumen, 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, 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 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 non-executive directors, it ensures the objectivity of such strategic discussions through the provision of broad perspectives. Furthermore, non-executive directors 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

Guideline 3.1: Division of Chairman and CEO Roles

Er. Dr. Lee Bee Wah is the non-executive Chairman and 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. The Chairman and the CEO are not related.

Guideline 3.2: Role of Chairman

As Chairman, Er. Dr. Lee Bee Wah takes on the responsibility of leading the Board and overseeing the execution of the Board's decisions and strategic direction. 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 non-executive 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 those 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 AGMs and other shareholders' meetings, the Chairman chairs the meetings while ensuring 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.

Principle 4: Board Membership

Guideline 4.1: Nominating Committee

The NC comprises three members, namely, the Chairman and independent director Er. Dr. Lee Bee Wah (Chairman), independent director Mr. Chin Sek Peng (Member) and executive director and CEO Mr. Phua Cher Chew (Member).

The NC has the key responsibilities of making recommendations to the Board on all Board appointments and reappointments while ensuring a formal and transparent process, assessing the effectiveness of the Board as a whole and affirming the independence of directors annually. Board composition is also evaluated to ensure a diversity of skills and experience within the Board and Board Committees.

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

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 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 particularly rigorous review on the independence of any director who has served on the Board beyond nine years from the date or his/her 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;

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

(6) Perform annual assessment of the effectiveness of the Board;

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

(8) Review the training and professional development programmes 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.

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At 31 May 2017, the composition of the Board was 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 2015	Present • Koh Brothers Group Limited
Mr. Phua Cher Chew	Executive director	18 December 2012	25 September 2014	Present • Chewathai Public Company Limited
Ms. Saw Chin Choo	Non-executive director	18 December 2012	23 September 2016	Present • TEE International Limited
Dato Paduka Timothy Ong Teck Mong	Independent director	15 May 2013	23 September 2016	Present • YOMA Strategic Holdings Ltd
Dr. Tan Khee Giap	Independent director	15 May 2013	23 September 2016	Present • Breadtalk Group Limited • Boustead Projects Limited Past • Artivision Technologies Limited • Forterra Real Estate Pte. Ltd. (Trustee-Manager for Forterra Trust)
Mr. Chin Sek Peng	Independent director	15 May 2013	29 September 2015	Present • Sunpower Group Ltd • Cortina Holdings Limited • Sitra Holdings (International) Limited
Mr. Lim Teck Chai, Danny	Independent director	15 May 2013	29 September 2015	Present • UG Healthcare Corporation Limited • Kimly Limited • Stamford Land Corporation Ltd Past • China Star Food Group Limited • SinCap Group Limited
Mr. Boon Choon Kiat [1]	Non-executive director	15 May 2013	25 September 2014	Present • Chewathai Public Company Limited

1. Mr Boon Choon Kiat resigned as a director of the Company on 31 May 2017.

CORPORATE GOVERNANCE REPORT

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 allocate sufficient time and attention to adequately perform his/her role 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 adequately carrying out his/her duties 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.

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.

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. A newly appointed director is also required to submit himself or herself for re-election at the AGM following his or her appointment. The NC has recommended the re-appointments of Mr. Phua Cher Chew, Er. Dr. Lee Bee Wah and Mr. Chin Sek Peng who will be retiring by rotation at the forthcoming AGM, following a review of their performance and contributions. The Board has accepted the NC's recommendation and accordingly, the above-named directors will be offering themselves for re-election.

Guideline 4.5: Appointment of Alternate Directors

In accordance with 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 candidate. The NC, in evaluating the suitability of the nominee or candidate, 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 would be 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 candidate. Appropriate background and confidential searches will also be made. Recommendations of the NC are then put to the Board for its consideration. The Board will review the recommendations and approve the appointment as appropriate.

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 on the table in page 28 (under Guidelines 4.2 & 4.3) and the Board of Directors section of the annual report.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

Guidelines 5.1 and 5.3: Performance Evaluation

Formal processes for assessing the Board's effectiveness as a whole and contribution of 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 FY2017, in which a questionnaire was utilised 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 and the professional experience and expertise of the directors. No external facilitator was utilised 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 assessment of the Board as a whole was 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 comparison with industry peers and ensure the Board stays focus 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

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 distributed to directors at least three (3) 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 two Company Secretaries, namely Mr. Ng Tah Wee and Ms. Lai Foon Kuen. Their roles include, *inter alia*:

(a) Administering, attending and preparing minutes of Board and Board Committees proceedings;
(b) Assisting the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure effective functioning of the Board;
(c) Supporting the Chairman in ensuring that the Company's Constitution and relevant rules and regulations including requirements of the Companies Act and Listing Manual of the SGX-ST are complied with;
(d) Aiding the Chairman in ensuring timely and good information flow to the Board and Board Committees, and between management and non-executive directors; and
(e) 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 to assist them in their duties at the expense of the Company. This is subject to the approval of the Chairman.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1: Composition of Remuneration Committee

The RC comprises three members, namely, Dr. Tan Khee Giap (Chairman) and Mr. Chin Sek Peng (Member), who are both independent directors, and Ms. Saw Chin Choo (Member), who is a non-executive director. With the majority of 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 the 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 FY2017 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.

Principle 8: Level and Mix of Remuneration

Guideline 8.1: Remuneration Structure of Executive Director and Key Management Personnel

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, and the TEE Land Employee Share Option Scheme ("TEE Land ESOS") and TEE Land Performance Share Plan ("TEE Land PSP").

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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, executive directors 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 is recommended by the Board for the effort, time spent and responsibilities for each of the independent and non-executive director. 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 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 half yearly basis in arrears. Directors based overseas are reimbursed for out-of-pocket travelling and accommodation expenses in Singapore.

Principle 9: Disclosure on Remuneration

Guideline 9.1: Report on Remuneration

Discretion and independent judgement is 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. The total directors' fees for FY2017 which was approved in the AGM in September 2016 amounted to S$300,000.

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.

Remuneration Bands & Name of Director of the Company	Directors' Fees [1] %	Attendance Fees %	Salaries %	Bonuses [2] %
S$250,000 to below S$500,000				
Mr. Phua Cher Chew	2.9	2.6	82.9	11.6
Mr. Boon Choon Kiat [3]	1.7	0.3	86.2	11.8
Below S$100,000				
Er. Dr. Lee Bee Wah	90.6	9.4	–	–
Ms. Saw Chin Choo	60.0	40.0	–	–
Dato Paduka Timothy Ong Teck Mong	88.2	11.8	–	–
Dr. Tan Khee Giap	87.0	13.0	–	–
Mr. Chin Sek Peng	89.1	10.9	–	–
Mr. Lim Teck Chai, Danny	87.6	12.4	–	–

Notes:

(1) The directors' fees for FY2017.

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

(3) Mr. Boon Choon Kiat resigned from the Board on 31 May 2017.

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Guideline 9.3: Remuneration of Key Management Personnel

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

Remuneration Bands	FY2017
S$100,000 to below S$250,000	3
Below S$100,000	2

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 individual director and key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention. As at 31 May 2017, besides one executive director, the Group had five (5) key management personnel, namely Mr. David Ng Tah Wee, Ms. Fanny Cheng Hui Fen, Mr. Lawrence Toh Leng Poh (joined on 3 January 2017), Mr. Wong Chee Meng, Raymond (joined on 5 December 2016) and Mr. Muhammad Haifan Bin Usalli (resigned on 31 May 2017).

For FY2017, the aggregate total remuneration paid to key management personnel, excluding the executive director, is S$644,563.

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 the financial year ended 31 May 2017. "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 programmes provide for greater flexibility in structuring market competitive compensation packages of eligible participants and additional incentive for motivating and retaining employees.

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 performing 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 2017, no option has been granted under the TEE Land ESOS and no shares have been awarded under the TEE Land PSP.

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ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Guideline 10.1: Provision of Balanced and Comprehensible Company Performance Assessment

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 the 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. 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(I) 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 are in compliance with the requirements set out in the Listing Regulations.

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 Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

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 effectiveness and adequacy of the Group's risk management system. The framework sets out the governing policies, processes and systems pertaining to each key risk area of the Group. The effectiveness and adequacy of the Group's risk management system in managing these key risk areas are assessed. The framework is reviewed 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. On an annual basis, the Board receives reports from the management 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. This annual exercise ensures 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 risks in new and existing businesses.

During FY2017, the AC reviewed reports submitted by the internal and external auditors relating to the effectiveness of TEE Land's internal controls including the adequacy and effectiveness of internal controls to address the key financial, operational, and compliance 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 controls are in place and effective.

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 FY2017.

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 not necessary currently. Instead, the oversight of the ERM Framework and policies is incorporated as part of the functions of the AC.

Principle 12: Audit Committee

Guideline 12.1: Audit Committee Membership

The AC comprises four members, namely, Mr. Chin Sek Peng (Chairman), Er. Dr. Lee Bee Wah (Member), Dr. Tan Khee Giap (Member) and Mr. Lim Teck Chai, Danny (Member), all of whom are independent directors. 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:

- 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;
- review with the internal and external auditors their audit plans, their evaluation of the system of internal controls, their audit reports and their management letters and management's responses;
- 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;
- 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;

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- 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;
- review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and
- 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 and accounting 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 audit committees 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.

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. Additionally, the AC reviews the adequacy and effectiveness of TEE Land's internal control systems and regulatory compliance through discussions with management and the auditors.

In the review of the financial statements for the financial year ended 31 May 2017, the AC had a discussion 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 review and discussions.

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. In addition, the cost effectiveness of the audit, as well as the independence and objectivity of the external auditors are reviewed. 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 the financial year ended 31 May 2017, the external auditors have enhanced their auditors' report by including key audit matters ("KAM") which they considered are significant to be mentioned in their report including the audit procedures that they have carried out to address these KAMs. The AC noted that these KAMs require significant judgement and involved estimates by management and therefore are considered important matters by the external auditors. The AC set out below its responses to the three KAMs in the table below.

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AC Commentary to Key Audit Matters

Key audit matters involving significant judgement and estimates	Matters considered	Conclusion by AC
Recognition of revenue from sale of development properties	The Group generates revenue primarily from two sources i.e. (i) sale of development properties and (ii) rental income from investment properties. In FY2017, revenue from sale of development properties amounted to about S$80 million accounting for 85% of the Group's total revenue. The AC noted that the external auditors considered this a KAM because the monetary value is significant and revenue recognition from development projects is based on a combination of percentage of completion ("POC") method and completion of construction ("COC") method depending on the characteristic of development projects developed for sale. Approximately 77% of the Group's revenue is from POC while 8% is from COC. With the POC method, significant judgement and estimates from management are required in order to determine with reasonable accuracy the stage of completion of the property. The stage of completion needs to take into consideration variation works and any other claims from contractors and relative estimated sales value of the residential and commercial components within the same property. Thus any changes to the total contract costs will impact the determination of the percentage of completion, resulting in an impact on the revenue recognised.	The AC has reviewed the work performed by the external auditors as well as discussed with management on their judgements and estimates in making reasonable determination of the POC relating to recognising revenue for development properties in progress. Based on this review and discussion, the AC is satisfied with the amount of revenue recognised from sale of development properties.
Valuation of development properties, completed properties and land held for sale	Development properties, completed properties and land held for sale are accounted for like inventories being recorded at the lower of cost and net realisable value ("NRV"). When NRV is lower than cost, the accounting standard requires the Group to write down its cost to NRV effectively recognising a loss charged to profit or loss. As a result, the determination of NRV becomes important for the auditor as this can impact on profit or loss adversely. However, the determination of estimated NRV depends on a variety of factors including management estimates of future demand, and selling prices. Any changes to these estimates can have a significant impact to the financial statements.	Based on the AC's review of the work performed by the external auditors, discussion with management and review of valuation reports from independent and professionally qualified valuers, the AC is satisfied that the valuation for development properties, completed properties and land held for sale is stated at the lower of cost and NRV in accordance with the requirements of the Financial Reporting Standards in Singapore.

CORPORATE GOVERNANCE REPORT

Key audit matters involving significant judgement and estimates	Matters considered	Conclusion by AC
Valuation of investment properties	As at 31 May 2017, the Group has a portfolio of investment properties comprising a leasehold building in Singapore and freehold properties in New Zealand and Thailand. These investment properties are stated in accordance with the Singapore Accounting Standards governing investment properties i.e. at fair value with changes in fair value recognised in profit or loss. The fair values of these investment properties are determined by valuers using a combination of the direct comparison method, discounted cash flow method and the income capitalisation method of valuation, if any. The auditor considered this matter a KAM as the valuation process involves significant judgement in determining the appropriate valuation methodology to be used including the underlying assumptions to be applied in the valuations. The key assumptions used to determine the fair value include market-corroborated capitalisation yield, terminal yield and discount rate. Thus any significant changes in the key assumptions could result in a significant impact to the fair values of the investment properties.	Based on the AC review of the valuation reports and discussion with external auditors and management, 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.

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

Shareholders voted in favour on the change of external auditors from Deloitte & Touche LLP to Baker Tilly TFW LLP at the Extraordinary General Meeting held on 29 May 2017.

In appointing the external auditors, the AC takes into consideration 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, are 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 Listing Manual of SGX-ST. 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 FY2017 are set out as follows:

Fees on Audit Services to Independent Auditors:	**S$'000**
– Company's Independent Auditors	86
– Other Independent Auditors	100
Total	186

Fees on Non-Audit Services to Independent Auditors:	
– Other Independent Auditors	99
Total	99

Guideline 12.7: Whistle-blowing Policy

TEE Land has in place a whistleblowing policy 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 FY2017, there have been no reported incidences.

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 or other codes 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 of Baker Tilly TFW LLP or having a financial interest in the specified auditing firm.

Principle 13: Internal Audit

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 include operational, financial, information technology and compliance controls. The internal auditors have access to all necessary company documents, records, properties and personnel, including access to the AC.

CORPORATE GOVERNANCE REPORT

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 which come to its 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 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. The AC is of the opinion that the internal auditors 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

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.

Guideline 14.3: Proxies for Nominee Companies

Whilst 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 to appoint up to two proxies to attend AGMs.

Principle 15: Communication with Shareholders

Guideline 15.1: IR Policy

The Group has an internal investor relations ("IR") team which 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 news 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 reviews the decision pertaining to a dividend payment half yearly.

Principle 16: Conduct of Shareholder Meetings

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 still remains a concern, the Company has decided for the time being not to 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.

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 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 Listing Manual of SGX-ST. Electronic poling has been utilised for TEE Land's AGMs. After each voting process, detailed results will be released on the public domain.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

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

- Chief Operating Officer
- 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.

INTERESTED PERSON TRANSACTIONS ("IPT")

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 the year ended 31 May 2017 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)
PBT Engineering Sdn Bhd (a wholly-owned subsidiary of TEE International Limited)	–	S$35,689,000
TEE Projects Solutions Sdn Bhd (a wholly-owned subsidiary of TEE International Limited)	–	S$236,000

MATERIAL CONTRACTS

In FY2017, there was no material contract entered into by the Company or any of its subsidiary companies involving the interests of the CEO, any director and/or controlling shareholder.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

CONTENTS

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 2017.

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 53 to 122 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 May 2017 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 Financial Reporting Standards in Singapore; 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
Ms. Saw Chin Choo
Dato Paduka Timothy Ong Teck Mong
Dr. Tan Khee Giap
Mr. Chin Sek Peng
Mr. Lim Teck Chai, Danny

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 interest are held	**At 1.6.2016**	**At 31.5.2017**	**At 21.6.2017**	**At 1.6.2016**	**At 31.5.2017**	**At 21.6.2017**
Holding company						
TEE International Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	764,000	764,000	764,000	–	–	–
Mr. Phua Cher Chew	666,556	666,556	666,556	–	–	–
Dato Paduka Timothy Ong Teck Mong	2,583,279	2,258,279	2,258,279	–	–	–
Ms. Saw Chin Choo	1,390,000	1,390,000	1,390,000	3,312	3,312	3,312
Warrants to subscribe for ordinary shares at the exercise price of $0.25 each						
Er. Dr. Lee Bee Wah	305,600	–	–	–	–	–
Mr. Phua Cher Chew	266,622	–	–	–	–	–
Dato Paduka Timothy Ong Teck Mong	1,469,311	–	–	–	–	–
Ms. Saw Chin Choo	451,365	–	–	1,324	–	–

TEE International Limited's warrant expired on 26 May 2017.

The Company						
TEE Land Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	1,077,233	1,374,233	1,474,233	–	–	–
Mr. Phua Cher Chew	2,196,137	4,379,537	4,379,537	–	–	–
Dato Paduka Timothy Ong Teck Mong	664,885	664,885	664,885	–	–	–
Ms. Saw Chin Choo	318,000	368,000	368,000	220	220	220
Mr. Chin Sek Peng	260,000	260,000	260,000	100,000	100,000	100,000
Multi–currency medium term notes						
Mr. Lim Teck Chai, Danny	–	–	–	250,000	250,000	250,000

DIRECTORS' STATEMENT

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.

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)

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 executive 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;

AUDIT COMMITTEE (cont'd)

- 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.

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	Saw Chin Choo Director

30 August 2017

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 53 to 122, which comprise the statements of financial position of the Group and the Company as at 31 May 2017, 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 Financial Reporting Standards in Singapore ("FRSs") 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 2017 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 sale of development properties

Description of key audit matter

As disclosed in Notes 4 and 41 to the financial statements, revenue from sale of development properties amounts to $80,048,000 or 85% of total revenue of the Group for the financial year ended 31 May 2017.

As disclosed in Notes 2(b) and 3, the Group's revenue from sales of development properties is recognised when significant risks and rewards of ownership of the real estate is transferred to the buyer, which may be based on percentage of completion ("POC") or completion of construction ("COC") method.

Revenue recognised using the POC method amounted to $73,003,000 which represents 77% of the Group's total revenue in the current financial year. This revenue stream is an area of significant judgement and estimates as the stage of completion of the development activity at the end of the reporting period is based on the contract costs incurred to date which was verified by independent qualified surveyors and compared to the total contract costs to complete the development.

Total contract costs include estimation of variation works and any other claims from contractors. Any changes to the total contract costs will impact the determination of the percentage of completion, resulting in an impact on the revenue recognised.

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 sale of development properties (cont'd)

Description of key audit matter (cont'd)

In addition, the allocation of land and development construction costs to residential and commercial components within the same development is based on relative estimated sales value of the residential and commercial components. Significant uncertainty and assumptions are involved in determining estimated sales values for allocation of contract cost to the development properties sold.

Our audit procedures to address the key audit matter

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

– We performed procedures to understand, evaluate and validate relevant key controls put in place by the management over the recognition of revenue from sales of development properties;

– For revenue recognised using the POC method, we reviewed management's budgeted contract cost estimates for each of the development properties, and assessed the reasonableness of the assumptions and estimates applied by management which include key elements such as contractor costs, variation works, expected borrowing costs and other property expenses, taking also into consideration the need by management to account for any effects of significant or unusual events that occurred during the financial year;

– We discussed with management regarding the progress of the construction of development properties and compared the value of work performed to-date to the budget sheet (i.e. contract cost) and performed arithmetic computation of the POC and revenue to be recognised for the financial year; and

– For sold residential units, we reviewed the sales and purchase agreement with the buyer and verified the sales values used in allocation of contract costs to sold development properties; and for unsold residential and commercial units, where estimated sales values are determined by independent professional values ("Valuers"), we evaluated the qualification and competence of the valuers and compared the estimated sales values to, where available, recent transacted prices and prices of comparable properties located in the same vicinity as the development properties. We checked arithmetic calculations in allocation of contract costs to residential and commercial units within the same development.

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

Description of key audit matter

As at 31 May 2017, the Group has a portfolio of development properties comprising residential properties, commercial properties and mixed-use development properties in Singapore and Malaysia. The Group also has completed properties in Singapore and leasehold land held for sale in Vietnam on that date.

As disclosed in Notes 3, 15 and 16 to the financial statements, the development properties and completed properties and land held for sale (collectively "development projects") are stated at the lower of cost and net realisable value. The determination of the net realisable value of these development projects is dependent upon the management's estimates of future demand and selling price of these development projects. Management performs cost studies for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, 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 development projects to the open market values to determine whether an allowance is required for those development projects 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 development projects, among others, included:

– We obtained an understanding and assessed the Group's processes for setting and monitoring selling prices and cost budgets;

– We assessed the Group's estimated sales value of the development projects by comparing estimated sales value to, where available, recent transacted prices and prices of comparable properties located in the same vicinity as the development project;

– We compared the carrying values of the development projects to the open market values estimated by valuers;

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

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

– We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we have reviewed management's assessment of realisable value 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 estimated 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 2017, the Group has a portfolio of investment properties comprising a leasehold building in Singapore and freehold properties in New Zealand and Thailand.

As disclose in Notes 2(h), 3 and 21 to the financial statements, these investment properties are stated at fair values.

In determining the fair value of investment properties, the valuer has 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.

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 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;

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 (cont'd)

– We held discussions with the valuers and challenged their key assumptions applied by comparing them against market comparable and historical data; and

– We also considered whether the financial statements disclosures appropriately reflect the Group's exposure to the fair value measurement risk. For example, we assessed the Group's fair value hierarchy policy against the requirements of FRS 113 Fair Value Measurement, and reviewed the selected Level 3 assets to evaluate whether they were categorised in the appropriate level.

Other Matter

The financial statements for the financial year ended 31 May 2016 were audited by another auditor whose report dated 31 August 2016 expressed an unmodified opinion on those financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2017, 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 FRSs, 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.

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.

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 (cont'd)

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.

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 Sim Guan Seng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

30 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 May 2017

	Note	Group 2017 $'000	Group 2016 $'000 (Restated)
Revenue	4	**94,690**	39,745
Cost of sales		**(71,349)**	(25,119)
Gross profit		**23,341**	14,626
Other operating income	5	**8,126**	3,469
Selling and distribution costs		**(5,347)**	(3,111)
Administrative expenses		**(10,883)**	(12,620)
Other operating expenses	6	**(3,563)**	(3,953)
Finance costs	7	**(6,279)**	(4,997)
Share of results of associates	18	**(2,090)**	14,737
Profit before tax	8	**3,305**	8,151
Tax expense	9	**(3,016)**	(21)
Profit for the year		**289**	8,130
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation, representing other comprehensive income/(loss) for the year		**1,911**	(1,858)
Total comprehensive income for the year		**2,200**	6,272
Profit/(loss) attributable to:			
Owners of the Company		**(1,048)**	8,449
Non-controlling interests		**1,337**	(319)
		289	8,130
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**406**	6,856
Non-controlling interests		**1,794**	(584)
		2,200	6,272
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company			
Basic (cents)	10	**(0.23)**	1.89
Diluted (cents)	10	**(0.23)**	1.89

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

STATEMENTS OF FINANCIAL POSITION

At 31 May 2017

	Note	Group			Company	
		31.5.2017 $'000	31.5.2016 $'000 (Restated)	1.6.2015 $'000 (Restated)	**2017 $'000**	2016 $'000
ASSETS						
Current assets						
Cash and bank balances	11	**34,068**	26,368	18,618	**1,829**	6,770
Trade receivables	12	**18,571**	7,933	37,824	**–**	–
Other receivables	13	**12,285**	24,640	16,928	**142,449**	150,443
Inventories		**27**	16	18	**–**	–
Loans receivable from associates	14	**25,860**	22,895	15,759	**2,883**	2,950
Development properties	15	**147,854**	115,614	123,035	**–**	–
Completed properties and land held for sale	16	**47,584**	46,231	14,973	**–**	–
		286,249	243,697	227,155	**147,161**	160,163
Non-current asset held for sale	17	**47,481**	–	–	**–**	–
Total current assets		**333,730**	243,697	227,155	**147,161**	160,163
Non-current assets						
Other receivables	13	**6,000**	6,000	10,475	**3,830**	–
Loans receivable from associates	14	**–**	5,883	19,216	**–**	–
Available-for-sale investment		**–**	–	*	**–**	–
Investment in associates	18	**40,269**	47,667	36,066	**–**	–
Investment in subsidiaries	19	**–**	–	–	**32,996**	20,795
Property, plant and equipment	20	**735**	89,961	79,152	**–**	–
Investment properties	21	**35,812**	11,717	12,036	**–**	–
Deferred tax assets	22	**2,947**	2,192	1,054	**–**	–
Total non-current assets		**85,763**	163,420	157,999	**36,826**	20,795
Total assets		**419,493**	407,117	385,154	**183,987**	180,958
LIABILITIES AND EQUITY						
Current liabilities						
Bank loans	23	**1,499**	3,114	11,499	**–**	1,615
Trade payables	24	**24,187**	11,651	8,600	**–**	–
Other payables	25	**25,746**	25,627	20,493	**8,458**	2,011
Finance lease	26	**12**	12	12	**–**	–
Long-term borrowings	27	**45,530**	23,324	45,254	**–**	–
Financial guarantee liabilities	28	**200**	382	280	**2,056**	1,218
Long-term loan	29	**–**	4,050	–	**–**	–
Term notes	30	**29,939**	–	–	**29,939**	–
Income tax payable		**3,522**	3,465	1,289	**73**	27
Total current liabilities		**130,635**	71,625	87,427	**40,526**	4,871

* Denotes amount less than $1,000

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

STATEMENTS OF FINANCIAL POSITION

At 31 May 2017

	Note	Group			Company	
		31.5.2017 $'000	31.5.2016 $'000 (Restated)	1.6.2015 $'000 (Restated)	**2017 $'000**	2016 $'000
Non-current liabilities						
Deferred tax liabilities	22	**374**	210	2,012	**–**	–
Finance lease	26	**38**	51	69	**–**	–
Long-term borrowings	27	**112,248**	132,213	94,305	**–**	–
Financial guarantee liabilities	28	**301**	631	568	**833**	1,878
Long-term loan	29	**–**	–	4,050	**–**	–
Term notes	30	**–**	29,758	29,577	**–**	29,758
Loan from non-controlling interest	31	**3,680**	–	–	**–**	–
Total non-current liabilities		**116,641**	162,863	130,581	**833**	31,636
Equity						
Share capital	32	**142,238**	142,238	142,238	**142,238**	142,238
Currency translation reserve	33	**(873)**	(2,327)	(734)	**–**	–
Merger reserve	34	**(5,969)**	(5,969)	(5,969)	**–**	–
Capital reserve	35	**(6)**	(6)	(6)	**–**	–
Accumulated profits		**21,683**	25,234	20,494	**390**	2,213
Equity attributable to owners of the Company		**157,073**	159,170	156,023	**142,628**	144,451
Non-controlling interests	36	**15,144**	13,459	11,123	**–**	–
Total equity		**172,217**	172,629	167,146	**142,628**	144,451
Total liabilities and equity		**419,493**	407,117	385,154	**183,987**	180,958

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

	Share capital	Currency translation reserve	Merger reserve	Capital reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 June 2015								
– as previously reported	142,238	(733)	(5,969)	(6)	20,429	155,959	11,123	167,082
– prior year adjustment (Note 46)	–	(1)	–	–	65	64	–	64
At 1 June 2015 (restated)	142,238	(734)	(5,969)	(6)	20,494	156,023	11,123	167,146
Net profit/(loss) for the year								
– as previously reported	–	–	–	–	7,331	7,331	(319)	7,012
– prior year adjustment (Note 46)	–	–	–	–	1,118	1,118	–	1,118
– as restated	–	–	–	–	8,449	8,449	(319)	8,130
Other comprehensive income for the year								
– currency translation difference on consolidation:								
– as previously reported	–	(1,572)	–	–	–	(1,572)	(265)	(1,837)
– prior year adjustment (Note 46)	–	(21)	–	–	–	(21)	–	(21)
– as restated	–	(1,593)	–	–	–	(1,593)	(265)	(1,858)
Total comprehensive income for the year	–	(1,593)	–	–	8,449	6,856	(584)	6,272
Deemed capital injection by non-controlling interests	–	–	–	–	–	–	2,430	2,430
Capital injection by non-controlling interest	–	–	–	–	–	–	490	490
Dividends (Note 37)	–	–	–	–	(3,709)	(3,709)	–	(3,709)
At 31 May 2016 (restated)	142,238	(2,327)	(5,969)	(6)	25,234	159,170	13,459	172,629

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

	Share capital $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
At 31 May 2016								
– as previously reported	142,238	(2,305)	(5,969)	(6)	24,051	158,009	13,459	171,468
– prior year adjustment (Note 46)	–	(22)	–	–	1,183	1,161	–	1,161
At 31 May 2016 (restated)	142,238	(2,327)	(5,969)	(6)	25,234	159,170	13,459	172,629
(Loss)/profit for the year	–	–	–	–	(1,048)	(1,048)	1,337	289
Other comprehensive income for the year								
– currency translation difference on consolidation	–	1,454	–	–	–	1,454	457	1,911
Total comprehensive income for the year	–	1,454	–	–	(1,048)	406	1,794	2,200
Capital injection by non-controlling interest	–	–	–	–	–	–	1,732	1,732
Dividend payable to non-controlling interest	–	–	–	–	–	–	(1,841)	(1,841)
Dividends (Note 37)	–	–	–	–	(2,503)	(2,503)	–	(2,503)
At 31 May 2017	**142,238**	**(873)**	**(5,969)**	**(6)**	**21,683**	**157,073**	**15,144**	**172,217**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

	Share capital $'000	Accumulated profits $'000	Total $'000
Company			
Balance at 1 June 2015	142,238	2,654	144,892
Profit for the year, representing total comprehensive income for the year	–	3,268	3,268
Dividends (Note 37)	–	(3,709)	(3,709)
Balance at 31 May 2016	142,238	2,213	144,451
Profit for the year, representing total comprehensive income for the year	–	680	680
Dividends (Note 37)	–	(2,503)	(2,503)
Balance at 31 May 2017	**142,238**	**390**	**142,628**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2017

	Group	
	2017	2016
	$'000	$'000 (Restated)
Operating activities		
Profit before tax	**3,305**	8,151
Adjustments for:		
Share of results of associates	**2,090**	(14,737)
Change in fair value of investment property	**(431)**	–
Depreciation of property, plant and equipment	**1,291**	3,289
Gain on dilution of equity in associates	**–**	(1,254)
Loss on dissolution of joint development	**–**	2,911
Property, plant and equipment written off	**542**	–
Allowance for diminution in value of completed properties and land held for sale	**2,894**	534
Reversal of impairment loss on property, plant and equipment	**(168)**	–
Gain on disposal of non-current asset held for sale	**(5,348)**	–
Amortisation of deferred sales commission expense	**3,133**	732
Amortisation of show flat expenses	**689**	630
Amortisation of financial guarantee liabilities	**(512)**	(348)
Amortisation of term notes	**181**	181
Interest income	**(1,190)**	(1,382)
Interest expenses	**6,279**	4,997
Operating cash flows before movements in working capital	**12,755**	3,704
Trade receivables	**(10,698)**	29,565
Other receivables	**8,005**	(6,219)
Inventories	**(11)**	2
Development properties	**(33,283)**	8,411
Completed properties and land held for sale	**(1,353)**	(39,363)
Trade payables	**12,748**	3,022
Other payables	**(1,525)**	7,700
Unrealised currency translation gain	**(580)**	(1,348)
Cash (used in)/generated from operations	**(13,942)**	5,474
Interest paid	**(3,114)**	(2,482)
Income tax paid	**(3,478)**	(1,087)
Income tax refunded	**–**	280
Net cash (used in)/from operating activities	**(20,534)**	2,185
Investing activities		
Sale proceeds from non-current asset held for sale	**32,820**	–
Purchase of property, plant and equipment (Note 20)	**(8,073)**	(15,965)
Dividend received from associates	**6,535**	6,324
Cash inflow arising from dissolution of joint development (Note 39)	**–**	1,031
Investment in associates	**–**	(2,722)
Repayment of loans receivable from associates	**4,272**	10,851
Loans receivable from associates	**(1,303)**	(4,699)
Loans from non-controlling interest	**3,680**	–
Interest received	**1,684**	3,794
Net cash from/(used in) investing activities	**39,615**	(1,386)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2017

	Group	
	2017 $'000	2016 $'000 (Restated)
Financing activities		
Interest paid	**(6,241)**	(5,023)
Drawdown of bank loans	**–**	1,615
Repayment of bank loans	**(1,615)**	(10,000)
Drawdown of long-term borrowings	**83,805**	40,104
Repayment of long-term borrowings	**(82,502)**	(13,105)
Loan to former joint developer	**–**	(6,000)
Repayment of finance lease payables	**(11)**	(11)
Repayment of long-term loan	**(4,050)**	–
Deemed capital injection by non-controlling interests	**–**	2,430
Capital injection by non-controlling interests	**1,732**	490
Fixed deposit pledged	**2,037**	(1,422)
Dividends paid	**(2,503)**	(3,709)
Net cash (used in)/from financing activities	**(9,348)**	5,369
Net increase in cash and cash equivalents	**9,733**	6,168
Cash and cash equivalents at beginning of the year	**24,331**	18,003
Effect of foreign exchange rate changes of cash and cash equivalents	**4**	160
Cash and cash equivalents at end of the year	**34,068**	24,331

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

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 Financial Reporting Standards in Singapore ("FRSs"). 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 FRSs 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.

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 to the financial statements.

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

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 May 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 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. FRS 115 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 FRS 115 by applying a 5-step approach.

Under FRS 115, 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 standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply the practical expedients available for full retrospective approach under FRS 115.

The Group has performed a preliminary assessment of FRS 115 and the results of its assessment is subject to changes arising from a more detailed ongoing analysis. The Group is engaged in the development of residential properties for sale. Management has assessed that for most of the Group's residential developments, performance obligations for the sale of pre-completion units will be satisfied over time which will not significantly affect the current revenue recognition.

The Group did not expect any significant impact upon adoption of FRS 115.

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, 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 FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

(a) *Classification and measurement*

While the Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

FRS 109 Financial Instruments (cont'd)

(b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

The Group has not undertaken a detailed assessment of the impact of the impairment provisions under FRS 109 but the Group expects that the new expected loss model may result in an earlier recognition of credit losses.

The Group plans to adopt the standard when it becomes effective in financial year ending 31 May 2019.

FRS 116 Leases

FRS 116 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. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (full IFRS convergence) in 2018. The Group will adopt the new financial reporting framework on 1 June 2018.

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Sales of development properties

Revenue from sales of development properties is recognised when significant risks and rewards of ownership of the real estate is transferred to the buyer, which may be:

(a) on a continuous transfer basis; or

(b) at a single point of time (e.g. at completion, upon or after delivery).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(b) Revenue (cont'd)

Under (a), revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership of the development properties in their current state occurs as construction progresses. Under the percentage of completion method, revenue and costs are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on the contract costs incurred to date which was verified by independent qualified surveyors and compared to the total contract costs to complete the development properties. Where no certification of value is available, the stage of completion is determined based on the costs incurred to date as compared to the total budgeted costs of the development. Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Under (b), where transfer of significant risks and rewards of ownership coincides with the time when the property is completed or when the development units are delivered to the purchasers, revenue is recognised upon completion of construction, and when legal title passes to the buyer or when equitable interest in the property rests with the buyer upon release of the handover notice to the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as advances received from customers and are classified as current liabilities.

In determining whether revenue should be recognised on a continuous transfer basis or at a single point of time, the Group evaluate and consider the terms and conditions of the sale of the development properties.

Revenue from hotel operations

Revenue from hotel operations is recognised when the services are rendered.

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.

2 Summary of significant accounting policies (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(d) Basis of consolidation (cont'd)

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) Associated companies

An associated company 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 associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies 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 associated companies' 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 associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, 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 associated company.

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, investments 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(f) Joint operations

A joint operation is an arrangement in which the Group has joint control and which provides the Group with rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Group transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Group transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

(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 2017

2 Summary of significant accounting policies (cont'd)

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

Depreciation

No depreciation is provided on freehold land. Leasehold land and buildings are 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
Leasehold building	37
Computers	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 valuer 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

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

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.

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

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 are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion.

Cost of property comprise land costs, development construction costs, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Completed properties 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 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.

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.

Show flat expenses are incurred to build a show flat before the launch of a new development property. The show flat provides potential buyers how the development property would look like when it is completed. During the construction stage, cost incurred are deferred and recognised as deferred show flat costs in other receivables until the show flats are ready for use and are amortised over the marketing period.

Deferred sales commission expenses are payable to estate agents only when buyers are secured. These direct and incremental costs recoverable as a result of securing a specifically identifiable contract with a buyer are deferred and recognised as deferred sales commission expense in the other receivables. Such assets are expensed as and when the related revenue is recognised.

All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(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

Classification

The Group classifies its financial assets in the following categories: loans and receivable and available-for-sale. 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

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 and deferred show flat costs), loans from associates and "cash and bank balances" on the statement of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the end of reporting date.

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.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Financial assets available-for-sale are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in fair value reserve together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

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.

Loans and receivables

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.

Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in profit or loss on equity instruments classified as available-for- sale financial assets are not reversed through profit or loss.

Offset

Financial assets and liabilities are offset and the net amount presented at the end of the reporting period, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(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 loan, finance lease, borrowings, term note, term loan and financial guarantee contract 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 the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(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.

When Group entity is the lessee:

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(t) Employee benefits (cont'd)

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 associated companies, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2 Summary of significant accounting policies (cont'd)

(y) Foreign currencies (cont'd)

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.

(z) 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.

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 property of Larmont Hotel Sydney was presented as held for sale following the decision of the Group's management and directors on 26 July 2016 to sell the hotel and the Group's active marketing for sale since that date. As of 31 May 2017, negotiations with potential buyers for the hotel are still ongoing. The transaction is expected to complete in next financial year and the freehold property therefore remains classified as a non-current asset held-for-sale in the consolidated statement of financial position.

If the property no longer meets the classification as non-current asset held for sale, it is reclassified back to property, plant and equipment and valued at the lower of its carrying amount before it was classified as held for sale (adjusted for depreciation or amortisation) and its recoverable amount at the date of the decision not to sell.

3 Critical accounting judgements and key sources of estimation uncertainty (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 described in Note 2(b), revenue and costs associated with sold units of properties under development are recognised as revenue and costs respectively by reference to the stage of completion of the development activity at the end of the reporting period based on the contract costs incurred to date which was verified by independent qualified surveyors and compared to the total contract costs to complete the development.

The key judgements and accounting estimates relate to (1) the estimation of total contract cost to completion which impacts the total budgeted cost and the percentage of completion; and (2) the appropriate allocation of land and development construction costs between the residential and commercial units.

The cost to completion have been estimated by management after considering the remaining work to be done and the estimated total contract cost based on contracts awarded or experience from comparable past projects.

As described in Note 2(j), cost of property comprise land cost, development expenditure, borrowing costs and other related expenditure. The land and development construction costs which cannot be specifically attributable to specific residential and commercial units within the same development are allocated based on relative estimated sales value of the completed residential and commercial units. The estimated sales value is refer to selling price stated in the sales and purchase agreements with buyer for sold residential units and open market values estimated by the independent professional valuer (the "valuer") for those unsold residential and commercial units. Management considers the use of these basis for allocating cost of land and development construction costs more closely approximates the basis on which the economic value of the land and development construction costs had been determined.

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 estimated net realisable value of these development projects is dependent upon the management's estimates of future demand and selling price of these development projects. Management performs cost studies for each property, taking into account the costs incurred to date, the development status, estimated costs to complete each property, 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 value of the development projects to the open market values to determine whether an allowance is required for those development projects 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 sale and prevailing market condition.

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 2017

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 valuer has 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 valuer has 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 valuer has 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.

Loans receivable from associates

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

The carrying amount of the Group's and the Company's loans receivable from associates is disclosed in Note 14.

Impairment of investment in associates and subsidiaries

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

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

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

Allowances for doubtful trade and other receivables

The Group makes allowances for doubtful debts based on on-going evaluation of collectability and aging analysis of individual receivables by reference to their past default experience. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of the Group's and the Company's trade and other receivables and allowance for doubtful trade and other receivables are disclosed in Notes 12 and 13 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

4 Revenue

	Group	
	2017 **$'000**	2016 $'000 (Restated)
Revenue from sale of development properties	**80,048**	26,272
Revenue from hotel operations	**12,061**	10,869
Rental income	**2,581**	2,604
	94,690	39,745

Revenue represents the invoice value of goods and services supplied. Included in the Group's revenue from sales of development properties is revenue recognised based on the percentage of completion method and completion of construction method of $73,003,000 and $7,045,000 (2016: $26,272,000 and Nil) respectively.

5 Other operating income

	Group	
	2017 **$'000**	2016 $'000
Interest income	**1,190**	1,382
Gain on disposal of non-current asset held-for-sale (Note 17)	**5,348**	–
Gain on dilution of equity interest in associate (Note 18)	**–**	1,254
Gain on fair value of investment properties (Note 21)	**431**	–
Amortisation of financial guarantee liabilities (Note 28)	**512**	348
Management fee income	**133**	135
Liquidated guarantee income	**223**	180
Others	**289**	170
	8,126	3,469

6 Other operating expenses

	Group	
	2017 **$'000**	2016 $'000
Foreign exchange loss	**295**	508
Completed properties and land held for sale written down	**2,894**	534
Property, plant and equipment written off (Note 20)	**542**	–
Reversal of impairment loss on property, plant and equipment (Note 20)	**(168)**	–
Loss on dissolution of joint development (Note 39)	**–**	2,911
	3,563	3,953

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

7 Finance costs

	Group	
	2017 $'000	2016 $'000
Interest on loans	**9,532**	7,442
Interest on finance lease	**2**	3
Less: Amounts capitalised in the cost of development Properties (Note 15)	**(3,255)**	(2,448)
	6,279	4,997

8 Profit before tax

	Group	
	2017 $'000	2016 $'000
Profit before tax is arrived at after charging/(crediting):		
Audit fees paid to:		
– auditor of the Company	**86**	168
– other auditors*	**100**	139
– under/(over) provision in respect of prior year	**22**	(5)
Non-audit fees:		
– auditor of the Company	**–**	38
– other auditors*	**99**	97
– under provision in respect of prior year	**–**	12
Directors' fee	**300**	297
Directors' remuneration:		
– directors of the Company	**898**	836
– directors of the subsidiaries	**13**	13
Employee benefits expense (including directors' remuneration)	**7,015**	6,802
Rental expenses	**119**	287
Depreciation of property, plant and equipment	**1,291**	3,289
Amortisation of deferred sales commission expenses recorded in cost of sales	**3,133**	732
Amortisation of show flat expenses recorded in cost of sales	**689**	630
Amortisation of term notes	**181**	181
Costs of defined contribution plans included in employee benefits expense	**126**	161
Cost of development properties recognised as cost of sales	**65,608**	16,801

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

9 Tax expense

	Group	
	2017 $'000	2016 $'000 (Restated)
Income tax		
– Current year	**3,554**	2,529
– (Over)/under provision in prior years	**(5)**	20
Deferred income tax		
– Current year (Note 22)	**(509)**	(2,962)
– Over provision in prior year	**(53)**	–
Foreign tax expenses	**29**	434
	3,016	21

The income tax expense 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	
	2017 $'000	2016 $'000 (Restated)
Profit before tax	**3,305**	8,151
Share of results of associates	**2,090**	(14,737)
Profit/(loss) before tax exclude share of results of associates	**5,395**	(6,586)
Tax at the domestic income tax rate of 17% (2016: 17%)	**917**	(1,120)
Expense not deductible for tax purpose	**1,179**	623
Deferred tax assets not recognised	**19**	170
Singapore statutory stepped income exemption	**(90)**	(39)
Foreign tax expenses	**29**	434
Effect of different tax rates in other countries	**1,126**	46
(Over)/under provision in prior years	**(58)**	20
Others	**(106)**	(113)
	3,016	21

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

10 (Loss)/earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Group	
	2017	2016 (Restated)
Net (loss)/profit attributable to owners of the Company ($'000)	**(1,048)**	8,449
Number of ordinary shares outstanding for basic and diluted (loss)/earnings per share ('000)	**446,876**	446,876
Basic and diluted (loss)/earning per share (cents per share)	**(0.23)**	1.89

There are no dilutive ordinary shares for 2017 and 2016.

11 Cash and bank balances

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Cash at banks	**21,501**	13,894	**1,827**	6,768
Cash on hand	**1**	1	**–**	–
Fixed deposits	**2,167**	2,039	**2**	2
Project accounts				
– Cash at banks	**6,380**	8,434	**–**	–
– Fixed deposits	**4,019**	2,000	**–**	–
	34,068	26,368	**1,829**	6,770

Fixed deposits bear interest ranging from 0.50% to 3.85% (2016: 0.50% to 5.00%) per annum and mature within 3 months (2016: within 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.

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2017 $'000	2016 $'000
Cash and bank balances	**34,068**	26,368
Less: Encumbered bank deposit	**–**	(2,037)
Cash and cash equivalents per consolidated statement of cash flows	**34,068**	24,331

As at 31 May 2017, the Group has cash and cash equivalents of $Nil (2016: $2,037,000) placed with a bank in Vietnam as security for banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

12 Trade receivables

	Group	
	2017	2016
	$'000	$'000
Trade receivables	**18,571**	7,933

The average credit period given to customers is 14 to 30 days (2016: 14 to 30 days). No interest is charged on the outstanding trade receivables.

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 a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

13 Other receivables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000 (Restated)	**$'000**	$'000
Current				
Associates	**88**	98	**–**	–
Bank interest receivable	**12**	78	**–**	–
Deferred sales commission expense	**3,410**	3,158	**–**	–
Deferred show flat costs	**131**	607	**–**	–
Deposits	**255**	3,631	**–**	–
Former joint developer	**21**	6,523	**–**	–
Holding company	**1,567**	1,509	**–**	–
Interest receivable on loan receivables from associates	**3,597**	3,962	**251**	147
Non-controlling interests	**1,115**	1,116	**–**	–
Option money for purchase of properties	**3,374**	5,969	**–**	–
Prepayments	**612**	297	**18**	22
Related party	**–**	76	**–**	–
Subsidiaries	**–**	–	**142,148**	150,251
Third parties	**1,477**	990	**32**	23
	15,659	28,014	**142,449**	150,443
Less: Allowance for doubtful receivables	**(3,374)**	(3,374)	**–**	–
	12,285	24,640	**142,449**	150,443
Non-current				
Loan to former joint developer	**6,000**	6,000	**–**	–
Subsidiary	**–**	–	**3,830**	–
	6,000	6,000	**3,830**	–
	18,285	30,640	**146,279**	150,443

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

13 Other receivables (cont'd)

Movement in the allowance for doubtful receivables as follows:

	Group	
	2017	2016
	$'000	$'000
Balances at the beginning and the end of the year	**3,374**	3,374

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.

In 2016, included in the deposits was an amount of $3,410,000 which was unsecured, borne interest at 4.00% per annum and represents a refundable deposit for potential investment. The amount was refunded in the current financial year.

In 2016, included in the amount due from former joint developer was an amount of $4,662,000 written off as a result of the dissolution of joint development (Note 39) for the financial year ended 31 May 2016.

Included in the option money for purchase of properties were:

a) an amount of $2,595,000 for an option to acquire a freehold land located at 20, Lorong 35, Geylang, Singapore for the financial year ended 31 May 2016. In 2017, this amount has been transferred to development properties as the acquisition of the land was completed in the current financial year.

b) an amount of $3,374,000 for an option to acquire 26 plots of land located in Mukim Klang, Daerah Klang Negeri Selangor, Malaysia from 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, allowance for doubtful receivable has been provided for this option money amount since the financial year ended 31 May 2015. In 2017, management reassessed that the option money may still be uncollectible and hence remain as doubtful receivable at the end of the reporting period.

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

Non-current loan to former joint developer is unsecured and repayable 12 months after the reporting date. The non-current loan to former joint developer bears floating interest of 1.1% (2016: 1.1%) per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% (2016: 4.15%) per annum at the end of reporting period.

Non-current receivables from a subsidiary is non-trade in nature, unsecured, bears interest at 5.00% (2016: Nil) per annum and expected to be repaid upon completion of the development project held by a subsidiary. The fair value of non-current receivables from a subsidiary is computed based on cash flow discounted of market borrowing rate at 5.00% (2016: Nil) per annum. The fair value measurement is categories within level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

14 Loans receivable from associates

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Loans receivable from associates				
Presented by:				
Current	**25,860**	22,895	**2,883**	2,950
Non-current	**–**	5,883	**–**	–
	25,860	28,778	**2,883**	2,950

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 $18,627,000 (2016: $21,545,000) which bear interest rates ranging from 4.00% to 5.00% (2016: 5.00% to 7.00%) per annum. Management has assessed the credit worthiness of the associates and believes that no allowance is required for the loans receivable from associates.

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

The fair value of non-current loan receivables from associates is computed based on cash flows discounted at market borrowing rate of 5.00% (2016: 5.00%) per annum. The fair value measurement is categorised within level 3 of the fair value hierarchy.

15 Development properties

	Group	
	2017 $'000	2016 $'000 (Restated)
Cost incurred plus attributable profit	**196,029**	124,474
Less: Progress billings	**(48,175)**	(8,860)
	147,854	115,614

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 Notes 23 and 27 respectively.

Finance costs capitalised as cost of development properties during the financial year amounted to $3,255,000 (2016: $2,448,000) at interest rates ranging from 2.08% to 7.50% (2016: 2.35% to 7.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

15 Development properties (cont'd)

As at 31 May 2017, the aggregate amount of costs incurred and attributable profits to-date relating to revenue from sale of development properties recognised using percentage of completion method amounted to $57,815,000 (2016: $23,167,000) and $19,898,000 (2016: $7,592,000) respectively.

Details of the Group's development properties as at 31 May 2017 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 (%)
31 & 31A, Harvey Avenue Singapore	2 units of 3 storey houses	Freehold	*	December 2017	1,026	1,376	100
24 One Residences 241 Pasir Panjang Singapore	24 units of residential apartments	Freehold	*	March 2019	1,202	1,682	100
183 LONGHAUS 183 Upper Thomson Road, Singapore	40 residential units and 10 commercial units	Freehold	16%	December 2018	1,576	4,727	100
Third Avenue PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia	701 residential units and 31 commercial units	Freehold	56%	June 2018	24,085	72,257	100
Rezi 35 Geylang Lorong 35 Singapore	44 units of residential apartments	Freehold	*	December 2019	1,115	3,121	51

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

16 Completed properties and land held for sale

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of the year	**48,016**	16,224
Additions	**78**	477
Transferred from development properties	**11,617**	38,887
Dissolved during the year	**–**	(7,572)
Recognised as an expense in cost of sales	**(7,535)**	–
	52,176	48,016
Less: Written down	**(4,592)**	(1,785)
Balance at end of the year	**47,584**	46,231

The Group write down its properties to estimated net realisable value taking into account estimated net realisable values of the projects by reference to comparable properties, location and property market conditions. The write down in value was made on certain properties due to the weakening market conditions of these properties.

Details of the Group's completed properties and land held for sale as at 31 May 2017 are as follow:

Name of Property/location	Description	Tenure	Land area (sq m)	Gross floor area (sq m)	Group's interest in property (%)
The Peak @ Cairnhill I 47, 49 and 51 Cairnhill Circle, Singapore	16 units of residential apartments	Freehold	978	1,252	100
Hilbre 28 64, 66, 68, 70, 72, 74, 76, 78 and 80 Hillside Drive, Hillside Gardens, Singapore	11 units of residential apartments	999 years leasehold from 1 September 1876	2,026	849	100
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	35 plots of lands	50 years leasehold from 14 October 2011	6,029	–	65

The completed properties and land held for sale of $43,850,000 (2016: $42,401,000) is pledged to banks to secure the bank loans and long-term borrowings granted to the Group as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

17 Non-current asset held for sale

	Group	
	2017 **$'000**	2016 $'000
Reclassified from Property, plant and equipment	**74,953**	–
Disposal	**(27,472)**	–
Balance at end of the year	**47,481**	–

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 are classified as "non-current assets held for sale" (Note 20) in the consolidated statement of financial position.

Subsequently, the Group sold one of the hotels for a consideration, net of transaction cost of Australia dollar 31,365,000 (equivalent to $32,820,000). The gain on disposal of Australia dollar 5,111,000 (equivalent to $5,348,000) is recorded in current financial year (Note 5).

At 31 May 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, NSW 111, Australia	Freehold	Hotel operations	4,653	55

The non-current asset held for sale is pledged to banks to secure the long-term borrowings granted to the Group (Note 27).

18 Investment in associates

	Group	
	2017 **$'000**	2016 $'000
Quoted equity shares, at cost	**9,875**	9,875
Unquoted equity shares, at cost	**2,174**	2,174
Deemed cost of investment	**5,766**	5,766
Gain on dilution of equity interest in associate (Note 5)	**1,254**	1,254
Dividend paid by associated company	**(12,859)**	(6,324)
Exchange difference	**464**	(763)
Share of post-acquisition results		
At beginning of year	**35,685**	20,948
(Loss)/profit for the year	**(2,090)**	14,737
At end of year	**33,595**	35,685
	40,269	47,667

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

18 Investment in associates (cont'd)

Details of the Group's associates at 31 May 2017 are as follow:

Name of associate/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		2017 **%**	2016 %
Unique Development Pte. Ltd. [4] Singapore	Development of real estate	20.0	20.0
Unique Realty Pte. Ltd. [3] Singapore	Development of real estate	20.0	20.0
Residenza Pte. Ltd. [4] Singapore	Development of real estate	32.0	32.0
Unique Consortium Pte. Ltd. [4] Singapore	Development of real estate	20.0	20.0
Development 26 Pte. Ltd. [4] Singapore	Development of real estate	45.0	45.0
Unique Capital Pte. Ltd. [4] Singapore	Development of real estate	20.0	20.0
Chewathai Public Company Limited [2] *(formerly known as Chewathai Limited)* Thailand	Development of real estate	31.9	31.9
Development 32 Pte. Ltd. [3] Singapore	Development of real estate	45.0	45.0
Unique Commercial Pte. Ltd. [1] Singapore	Development of real estate	35.0	35.0
Wealth Development Pte. Ltd. [3] Singapore	Development of real estate	30.0	30.0
Unique Wellness Pte. Ltd. [5] Singapore	Dormant	20.0	20.0
Held by Chewathai Public Company Limited			
Chewathai Hup Soon Limited [2] Thailand	Development of real estate	15.9	15.9
Chewathai Interchange Co., Ltd [2]	Development of real estate	31.9	31.9

(1) Audited by Baker Tilly TFW LLP, Singapore
(2) Audited by Ernst & Young Office Limited, Thailand for the purpose of consolidation
(3) Audited by Ernst & Young LLP, Singapore for the purposes of consolidation
(4) Reviewed by Baker Tilly TFW LLP, Singapore for the purpose of consolidation
(5) This associate is exempted from audit as it is dormant and not considered material to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

18 Investment in associates (cont'd)

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.

On 5 April 2016, the offering of 262,000,000 Chewathai Public Company Limited *(formerly known as Chewathai Limited)* shares ("Chewathai Shares") in the capital of Chewathai Public Company Limited pursuant to the Initial Public Offering ("IPO") representing 34.93% of its total issued and paid-up share capital has been completed. The Chewathai shares were listed on the Securities and Exchange Commission, Thailand. With the completion of the IPO, the Group's interest in Chewathai Public Company Limited was diluted from 49% to 31.9% which resulted in a gain on dilution of equity interest in Chewathai Public Company Limited amounted to $1,254,000 as disclosed in Note 5.

The fair value of quoted equity shares of Chewathai Public Company Limited is 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 is classified with level 1 of the fair value hierarchy.

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

	Group	
	2017	2016
	$'000	$'000
Total assets	**445,079**	556,287
Total liabilities	**(319,784)**	(399,279)
Net assets	**125,295**	157,008
Group's share of associates' net assets	**34,503**	41,901
Revenue	**135,351**	181,855
(Loss)/profit for the year	**(10,383)**	49,433
Group's share of associates' results for the year	**(2,090)**	14,737

The Group has not recognised its share of losses amounting to $34,000 (2016: $265,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $169,000 (2016: $583,000).

18 Investment in associates (cont'd)

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with FRSs 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.	Chewathai Public Limited and its subsidiaries	Development 32 Pte. Ltd.	Wealth Development Pte. Ltd.
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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%
Current assets	9,118	17,884	10,395	42	52	4,149	158,749	32,162	52,670
Non-current assets	944	–	–	69,474	13,172	–	22,678	–	–
Current liabilities	(2,666)	(7,818)	(2,638)	(24)	(9)	(3,169)	(97,455)	(3,970)	(52,472)
Non-current liabilities	–	(77)	(260)	(28,445)	(4,962)	–	(36,436)	(25,307)	–
Net assets	7,396	9,989	7,497	41,047	8,253	980	47,536	2,885	198
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
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
Summarised statement of profit or loss and total comprehensive income									
Revenue	9,638	–	–	–	–	–	29,955	33,223	62,535
(Loss)/profit for the year	(2,407)	(592)	(336)	(7,983)	(1,029)	(48)	410	619	1,080
Total comprehensive (loss)/income for the year	(2,407)	(592)	(336)	(7,983)	(1,029)	(48)	410	619	1,080

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

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
2016									
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%
Current assets	24,411	33,477	17,331	1,304	10	14,041	106,996	33,742	101,653
Non-current assets	–	–	–	139,634	13,959	–	19,525	–	–
Current liabilities	(3,926)	(12,574)	(2,242)	(13)	(7)	(6,012)	(67,958)	(2,931)	(51,536)
Non-current liabilities	(3,196)	(2,322)	(7,256)	(91,894)	(4,681)	–	(12,595)	(28,545)	(51,000)
Net assets	17,289	18,581	7,833	49,031	9,281	8,029	45,968	2,266	(883)
Group's share of net assets	3,458	3,716	2,507	9,806	1,856	3,613	15,925	1,020	–
Deemed cost of investment	1,054	610	201	691	707	300	1,185	304	335
Carrying amount of the Group's interest in associates	4,512	4,326	2,708	10,497	2,563	3,913	17,110	1,324	335
Summarised statement of profit or loss and total comprehensive income									
Revenue	–	58,812	22,798	–	–	9,369	75,317	15,559	–
(Loss)/profit for the year	(2,757)	7,156	2,606	24,584	(108)	4,504	12,322	1,360	(238)
Total comprehensive (loss)/ income for the year	(2,757)	7,156	2,606	24,584	(108)	4,504	12,322	1,360	(238)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

18 Investment in associates (cont'd)

Aggregate information about the Group's investment in associated companies that are not individually material are as follows:

	Group	
	2017	2016
	$'000	$'000
(Loss)/profit for the year	**(97)**	4
Total comprehensive (loss)/income	**(97)**	4

19 Investment in subsidiaries

	Company	
	2017	2016
	$'000	$'000
Unquoted equity shares, at cost	**28,979**	17,479
Allowance for impairment loss	**(532)**	–
Deemed cost of investment	**4,549**	3,316
	32,996	20,795

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 28). 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	
	2017	2016
	$'000	$'000
Balances at beginning of the year	**–**	–
Allowance made	**532**	–
Balance at end of the year	**532**	–

During the financial year, management performed an impairment assessment on the Company's investment in Development 72 Pte. Ltd. An impairment loss of $532,000 (2016: $Nil) was recognised to write down the investments in subsidiaries to the recoverable amount of $455,000 (2016: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

19 Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries at 31 May 2017 are as follows:

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2017 %	2016 %
TEE Realty Pte. Ltd. (1) Singapore	Development of real estate	**100**	100
Development 83 Pte. Ltd. (1) Singapore	Development of real estate	**100**	100
TEE Property Pte. Ltd. (1) Singapore	Development of real estate and investment holding	**100**	100
TEE Homes Pte. Ltd. (1) Singapore	Development of real estate	**100**	100
TEE Development Pte. Ltd. (1) Singapore	Development of real estate	**100**	100
Development 72 Pte. Ltd. (1) Singapore	Development of real estate	**100**	100
TEE Industrial Pte. Ltd. (1) Singapore	Investment holding	**100**	100
Development 16 Pte. Ltd. (1) Singapore	Development of real estate and investment holding	**100**	100
TEE Ventures Pte. Ltd. (1) Singapore	Development of real estate	**100**	100
TEE Hospitality Pte. Ltd. (1) Singapore	Development of real estate and investment holding	**100**	100
Development 35 Pte. Ltd. (1) *(formerly known as TEE Vista Pte. Ltd.)* Singapore	Development of real estate	**51**	51
TEE Vista Pte. Ltd. (1) *(formerly known as Ley Choon Development Pte Ltd)* Singapore	Development of real estate	**100**	–
Held by TEE Property Pte. Ltd.			
Viet-TEE Co., Ltd. (2) Vietnam	Development of real estate	**65**	65
TEE Resources Sdn. Bhd. (3) Malaysia	Development of real estate	**100**	100
Klang City Development Pte. Ltd. (1) Singapore	Development of real estate and investment holding	**60**	60

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For the financial year ended 31 May 2017

19 Investment in subsidiaries (cont'd)

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2017 %	2016 %
Held by Klang City Development Pte. Ltd.			
Menara Jutamas Sdn. Bhd. (6) Malaysia	Development of real estate	**60**	60
Held by TEE Hospitality Pte. Ltd.			
TEE Oceania Pte Limited (4) New Zealand	Investment holding	**100**	100
JPJ Properties Pty Ltd (5) Australia	Hotel operations	**55**	55
Potts Point Hospitality Pty Ltd (5) Australia	Hotel operations	**55**	55
TCK Commercial Pty Ltd (7) Australia	Dormant	**–**	55
Held by TEE Oceania Pte Limited			
Teematic Private Limited (4) New Zealand	Investment holding	**75.1**	75.1
Held by Teematic Private Limited			
Workotel Limited (4) New Zealand	Rental accommodation operations	**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 Staples Rodway Christchurch Limited, New Zealand
(5) Audited by Pitcher Partners, Australia
(6) Audited by Tee & Partners Chartered Accountants, Malaysia
(7) TCK Commercial Pty Ltd was deregistered on 24 August 2016. This subsidiary was exempted from audit as it was not considered material.

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.

On 30 November 2016, the Company acquired 100% of the issued capital of TEE Vista Pte. Ltd. (formerly known as Ley Choon Development Pte. Ltd.) for $11,500,000. The consideration represents the fair value of a development property and other identifiable asset acquired on the acquisition date.

Transaction costs related to the acquisition of $228,000 have been included in "administrative expenses" in the Group's profit or loss for the current financial year.

The acquired subsidiary incurred a net loss of $161,000 for the period from 30 November 2016 to 31 May 2017. If the acquisition had occurred on 1 June 2016, the Group total profit would have been $1,495,000. There is no revenue recognised for acquired subsidiary during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

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 interest		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2017 %	2016 %	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
JPJ Properties Pty Ltd	Australia	45.0	45.0	1,703	(114)	4,731	4,733
TEE Oceania Pte Limited and its subsidiaries	New Zealand	24.9	24.9	(125)	46	288	390
Potts Point Hospitality Pty Ltd	Australia	45.0	45.0	(241)	(92)	9,601	7,856
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)*	Singapore	49.0	49.0	(54)	(3)	433	487
Individually Immaterial subsidiaries with non-controlling interests				54	(156)	91	(7)
Total				1,337	(319)	15,144	13,459

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
Summarised balance sheet				
2017				
Current assets	4,150	16,763	48,416	25,926
Non-current assets	10,092	–	492	–
Current liabilities	(8,149)	(6,248)	(27,573)	(252)
Non-current liabilities	(5,323)	–	–	(24,790)
Net assets	770	10,515	21,335	884
Non-controlling interest	288	4,731	9,601	433
2016				
Current assets	3,625	1,205	706	2,610
Non-current assets	10,039	26,844	39,578	–
Current liabilities	(7,258)	(452)	(8,453)	(1,615)
Non-current liabilities	(5,086)	(17,078)	(14,375)	–
Net assets	1,320	10,519	17,456	995
Non-controlling interest	390	4,733	7,856	487

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

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
Summarised income statement				
2017				
Revenue for the year	2,179	6,499	5,561	–
Expenses	(2,809)	(2,714)	(6,096)	(110)
Profit/(loss) for the year	(630)	3,785	(535)	(110)
Profit/(loss) attributable to:				
Owners of the company	(505)	2,082	(294)	(56)
Non-controlling interests	(125)	1,703	(241)	(54)
Profit for the year	(630)	3,785	(535)	(110)
Other comprehensive income/(loss) attributable to:				
Owners of the company	56	166	45	–
Non-controlling interests	23	136	68	–
Other comprehensive income/(loss) for the year	79	302	113	–
Total comprehensive income attributable to:				
Owners of the company	(449)	2,248	(249)	(56)
Non-controlling interests	(102)	1,839	(173)	(54)
Total comprehensive income for the year	(551)	4,087	(422)	(110)
Net cash outflow used in operating activities	50	317	(118)	(23,094)
Net cash outflow used in investing activities	(5)	31,965	(7,491)	–
Net cash inflow from financing activities	(161)	(17,658)	7,777	23,180
Net cash outflow	(116)	14,624	168	86

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

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
2016				
Revenue for the year	2,151	5,978	4,891	–
Expenses	(2,076)	(6,231)	(5,092)	(5)
(Loss)/profit for the year	75	(253)	(201)	(5)
(Loss)/profit attributable to:				
Owners of the company	29	(139)	(109)	(2)
Non-controlling interests	46	(114)	(92)	(3)
(Loss)/profit for the year	75	(253)	(201)	(5)
Other comprehensive income/ (loss) attributable to:				
Owners of the company	(28)	(202)	(259)	–
Non-controlling interests	(12)	(165)	(211)	–
Other comprehensive income/ (loss) for the year	(40)	(367)	(470)	–
Total comprehensive income attributable to:				
Owners of the company	1	(341)	(368)	(2)
Non-controlling interests	34	(279)	(303)	(3)
Total comprehensive income for the year	35	(620)	(671)	(5)
Net cash outflow used in operating activities	99	755	914	(985)
Net cash outflow used in investing activities	(11)	(892)	(15,605)	–
Net cash inflow from financing activities	(124)	727	12,954	1,000
Net cash outflow	(36)	590	(1,737)	15

20 Property, plant and equipment

	Freehold land $'000	Buildings on freehold land $'000	Leasehold building under construction $'000	Leasehold building $'000	Computer $'000	Renovation $'000	Motor vehicle $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group										
Cost										
At 1 June 2015	10,816	36,050	23,868	–	119	1,398	112	14	8,714	81,091
Reclassification	–	–	(23,868)	23,868	–	–	–	–	–	–
Exchange differences	(362)	(1,205)	–	–	(8)	(124)	(9)	–	(286)	(1,994)
Additions	–	14,990	–	94	5	17	4	3	852	15,965
Written off	–	–	–	–	(2)	–	–	–	–	(2)
At 31 May 2016	10,454	49,835	–	23,962	114	1,291	107	17	9,280	95,060
Exchange differences	446	1,884	–	–	(2)	(44)	(3)	–	257	2,538
Additions	–	561	–	315	16	–	–	–	7,181	8,073
Reclassification	(10,900)	(52,138)	–	(24,277)	–	–	–	–	(15,710)	(103,025)
Written off	–	(142)	–	–	(5)	–	–	–	(507)	(654)
At 31 May 2017	**–**	**–**	**–**	**–**	**123**	**1,247**	**104**	**17**	**501**	**1,992**
Accumulated depreciation										
At 1 June 2015	–	536	–	–	34	396	26	5	774	1,771
Exchange differences	–	(40)	–	–	(2)	(38)	(2)	–	(45)	(127)
Depreciation	–	1,225	–	642	35	260	21	2	1,104	3,289
Written off	–	–	–	–	(2)	–	–	–	–	(2)
At 31 May 2016	–	1,721	–	642	65	618	45	7	1,833	4,931
Exchange differences	–	71	–	–	(1)	(24)	(1)	–	74	119
Depreciation	–	180	–	535	32	251	21	3	269	1,291
Reclassification	–	(1,947)	–	(1,177)	–	–	–	–	(1,848)	(4,972)
Written off	–	(25)	–	–	(5)	–	–	–	(82)	(112)
At 31 May 2017	**–**	**–**	**–**	**–**	**91**	**845**	**65**	**10**	**246**	**1,257**
Accumulated impairment										
At 31 May 2016	–	–	–	168	–	–	–	–	–	168
Reversal of impairment	–	–	–	(168)	–	–	–	–	–	(168)
At 31 May 2017	–	–	–	–	–	–	–	–	–	–
Net carrying amount										
At 31 May 2017	**–**	**–**	**–**	**–**	**32**	**402**	**39**	**7**	**255**	**735**
At 31 May 2016	10,454	48,114	–	23,152	49	673	62	10	7,447	89,961

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

20 Property, plant and equipment (cont'd)

In year 2016, details of the Group's properties are as follow:

Address of properties	Tenure of properties	Term of lease	Remaining term of lease	Existing use
25 Bukit Batok Street 22, Singapore 659591	Leasehold	From May 1, 1992 to April 30, 2052	36 years	Office and rental
2-14 Kings Cross Road, Potts Point, NSW 111, Australia	Freehold	Not applicable	Not applicable	Hotel operations
33 Levey Street, Wolli Creek Sydney, NSW 2205, Australia	Freehold	Not applicable	Not applicable	Hotel operations

During the year, 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.

During the year, the Group has also reclassified the property at 25 Bukit Batok Street 22, Singapore from property, plant and equipment to investment property (Note 21) as the Group intended to lease out the building, not just to the holding company and its group of companies, who are current tenants, but also to third parties. The Group is actively marketing to lease out remaining vacant space in the building to third parties. A reversal of impairment loss $168,000 was recognised in profit or loss to it fair value amounting to $23,100,000 (Note 21).

The carrying amount of the Group's motor vehicle includes an amount of $33,000 (2016: $53,000) which was held under finance lease (Note 26).

The Group has pledged the freehold land, buildings on freehold land and leasehold building of $Nil (2016: $79,513,000) to secure facilities granted to the Group (Note 27).

21 Investment properties

	Group	
	2017	2016
	$'000	$'000
At fair value:		
At beginning of year	**11,717**	12,036
Exchange differences	**564**	(319)
Reclassify from property, plant and equipment (Note 20)	**23,100**	–
Gain on fair value of investment properties (Note 5)	**431**	–
At end of year	**35,812**	11,717

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

21 Investment properties (cont'd)

The investment properties held by the Group as at 31 May 2017 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 South Road Upper Riccarton, Christchurch New Zealand	Freehold	10 bedrooms 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	1 May 1992 to 30 April 2052	Industrial and office space for providing rental

The fair value of the Group's investment properties at 31 May 2017 and 2016 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 2017, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

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	
	2017 $'000	2016 $'000			**2017**	2016
New Zealand	**9,676**	9,754	Discounted cash flow method	Discount rate [2]	**10.00%**	11.00%
				Terminal yield rate [2]	**–**	–
			Direct comparison method	Price per square meter of gross floor area [1]	**$300 - $480**	$300 - $400
Singapore	**24,000**	–	Direct comparison method	Price per square meter of gross floor area [1]	**$1,800 - $3,100**	–
Thailand	**2,136**	1,963	Direct comparison method	Price per square meter of gross floor area [1]	**$4,000 - $6,600**	$3,500 - $6,000
			Income capitalisation method	Occupancy turnover [1]	**97.00%**	90.00%
				Turnover [1]	**$3,000/week**	$2,600/week
				Operating income [1]	**$2,600/week**	$2,300/week
				Net operating income margin [1]	**87.00%**	90.00%
				Capitalisation rate [2]	**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 $1,377,000 (2016: $1,400,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $601,000 (2016: $518,000).

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 (Restated)	Total $'000 (Restated)
Group			
At 1 June 2015	2,012	(1,054)	958
Credit to profit or loss for the year (Note 9)	(1,800)	(1,162)	(2,962)
Exchange differences	(2)	24	22
At 31 May 2016	210	(2,192)	(1,982)
Credit to profit or loss for the year (Note 9)	153	(715)	(562)
Exchange differences	11	(40)	(29)
At 31 May 2017	374	(2,947)	(2,573)

22 Deferred tax liabilities/(assets) (cont'd)

The following is the analysis of deferred tax balances for statements of financial position purposes:

	Group	
	2017	2016
	$'000	$'000
Deferred tax liabilities	**374**	210
Deferred tax assets	**(2,947)**	(2,192)
	(2,573)	(1,982)

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 $19,162,000 (2016: $14,316,000) which is available for offset against future taxable income of the Group. Deferred tax asset of $2,947,000 (2016: $2,192,000) has been recognised in respect of such tax losses. No deferred tax assets has been recognised in respect of the remaining unutilised tax losses of approximately $3,848,000 (2016: $3,738,000) 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 retained earnings and do not expect the retained earnings to be remitted such as to attract withholding tax in the foreseeable future. Temporary differences arising in connection with interests in associates is insignificant.

23 Bank loans

The bank loans of a subsidiary bear interest rates ranging from 5.00% to 5.10% (2016: 3.11% to 4.50%) per annum and secured by the corporate guarantee of the Company.

As at the end of reporting period, the Group and the Company had available $23,791,000 (2016: $40,869,000) and $Nil (2016: $165,000) of undrawn borrowing facilities respectively, in respect of which all conditions precedent had been met.

24 Trade payables

	Group	
	2017	2016
	$'000	$'000
Third parties	**7,994**	7,562
Related company	**15,158**	3,287
Retention payables	**1,035**	802
	24,187	11,651

The credit period granted by contractors is 30 to 60 days (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

25 Other payables

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Holding company	**759**	1,195	**602**	1,195
Related companies	**148**	323	**–**	19
Subsidiaries	**–**	–	**7,066**	–
Non-controlling interests	**4,095**	2,939	**–**	–
Associates	**8,406**	87	**21**	30
Accrued expenses	**1,896**	3,520	**673**	686
Advances received from customers	**8,028**	3,671	**–**	–
Former joint developer	**–**	8,440	**–**	–
Other payables	**2,414**	5,452	**96**	81
	25,746	25,627	**8,458**	2,011

The amounts payable to holding company, related parties, subsidiaries, non-controlling interests and associates are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in the other payables to non-controlling interests is dividend payable of $1,841,000 (2016: $Nil) to a non-controlling interests of a subsidiary.

26 Finance lease

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Amounts payable under finance lease:				
Within one year	**14**	14	**12**	12
In the second to fifth years inclusive	**40**	56	**38**	51
	54	70	**50**	63
Less: Future finance charges	**(4)**	(7)	**–**	–
Present value of lease obligations	**50**	63	**50**	63
Presented by:				
Current			**12**	12
Non-current			**38**	51
			50	63

The lease term is 7 years (2016: 7 years). The borrowing rate is 2.32% (2016: 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 our contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount. The fair value of the finance lease at the end of the reporting period approximates its carrying value 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 for disclosure purpose 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 2017

27 Long-term borrowings

	Group 2017 $'000	Group 2016 $'000
Bank loans	**157,778**	138,460
Borrowings	**–**	17,077
	157,778	155,537
Amounts due for settlement within 12 months	**(45,530)**	(23,324)
Amounts due for settlement after 12 months	**112,248**	132,213

The fair value of the long-term borrowings approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period.

The Group's long-term borrowings bear interest rates ranging from 2.08% to 7.50% (2016: 2.17% to 7.60%) per annum.

The Group's 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), property, plant and equipment (Note 20), investment properties (Note 21) and corporate guarantees by the Company (Note 28).

On 6 July 2012, the Group executed a deed of subordination (the "deed") to secure all liabilities and indebtedness of one of its subsidiaries, TEE Resources Sdn. Bhd. The deed is in line with the credit facilities of an aggregate principal amount of up to Malaysian Ringgit ("RM") 87,500,000 (equivalent to $28,297,500) (2016: RM87,500,000 (equivalent to $29,330,000)) granted to TEE Resources Sdn. Bhd. by Malaysia Building Society Berhad. As at 31 May 2017, the outstanding long-term borrowings amount to RM13,447,000 (equivalent to $4,349,000) (2016: RM58,860,000 (equivalent to $19,730,000)).

28 Financial guarantee liabilities

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
As at 1 June	**2,292**	1,779	**5,842**	4,810
Addition	**–**	513	**1,419**	1,032
As at 31 May	**2,292**	2,292	**7,261**	5,842
Less: amortisation				
As at 1 June	**1,279**	931	**2,746**	1,240
Amortisation (Note 5)	**512**	348	**1,626**	1,506
As at 31 May	**1,791**	1,279	**4,372**	2,746
	501	1,013	**2,889**	3,096
Presented by:				
Current	**200**	382	**2,056**	1,218
Non-current	**301**	631	**833**	1,878
	501	1,013	**2,889**	3,096

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 FRS 39 *Financial Instruments: Recognition and measurement*. The Deemed financial guarantee income is amortised over the financial guarantees period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

29 Long-term loan

Long-term loan was unsecured, interest-free and fully paid to a former joint developer during the financial year.

30 Term notes

	Group		Company	
	2017	2016	**2017**	2016
	\$'000	\$'000	**\$'000**	\$'000
Presented by:				
Current	**29,939**	–	**29,939**	–
Non-current	**–**	29,758	**–**	29,758
	29,939	29,758	**29,939**	29,758

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 dollars 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 are unsecured, bear a fixed interest rate of 6.50% (2016: 6.50%) per annum and payable semi-annually in arrears. The Notes will mature on 27 October 2017.

The fair value of the Group's term notes approximates their carrying amount.

31 Loan from non-controlling interest

The non-current shareholder loan from non-controlling interest is for development property "Rezi 35" (Note 15), bears interest at 5% per annum and repayable after 12 months from the end of the reporting period.

The fair value of the non-current loan from non-controlling interest at the end of the reporting period approximates its carrying value 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 for disclosure purpose is categorised within Level 3 of the fair value hierarchy.

32 Share capital

	Number of ordinary shares			
	2017	2016	**2017**	2016
			\$'000	\$'000
Group and Company				
Issued and paid up				
At beginning and end of year	**446,876,000**	446,876,000	**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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

33 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.

34 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.

35 Capital reserve

The capital reserve represents the effects of changes in ownership in subsidiaries when there is no change in control.

36 Non-controlling interests

Included in non-controlling interests is an amount of $15,462,000 (2016: $13,730,000) 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.

37 Dividends

	Group and Company	
	2017	2016
	$'000	$'000
Paid final tax exempt (one-tier) dividend of 0.41 cent (2016: 0.61 cent) per ordinary share in respect of the financial year ended 31 May 2016 (2016: 31 May 2015)	**1,832**	2,726
Paid interim tax exempt (one-tier) dividend of 0.15 cent (2016: 0.22 cent) per ordinary share in respect of the financial year ended 31 May 2017 (2016: 31 May 2016)	**671**	983
	2,503	3,709

38 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:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

38 Significant related party transactions (cont'd)

(a) Holding company and its subsidiaries

	Group	
	2017	2016
	$'000	$'000
Management fees paid to holding company	**77**	135
Rental income received from holding company	**(626)**	(626)
Rental income received from related companies	**(578)**	(578)
Renovation cost for office building charged by a subsidiary of the holding company	**300**	–

The holding company has granted corporate guarantees amounting to $Nil (2016: $44,076,000) to financial institutions for securing banking facilities of subsidiaries of the Group (Note 27).

(b) Associates

	Group	
	2017	2016
	$'000	$'000
Dividend income	**(6,535)**	(6,324)
Interest income	**(999)**	(1,290)
Financial guarantee income	**(511)**	(348)
Management fee income	**(132)**	(135)

(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 amounted to $5,000 (2016: $13,000).

(d) Professional fees paid to an independent non-executive director of the Company

An independent non-executive director of the Company is a partner of a firm which provided professional services to the Group amounted to $12,000 (2016: $80,000).

(e) 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	
	2017	2016
	$'000	$'000
Short-term benefits	**1,878**	1,922
Post-employment benefits	**74**	94
	1,952	2,016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

39 Dissolution of joint development

In March 2010, the Group entered into a joint development with a joint developer to develop 47,49,51,55,57,59 and 61 Cairnhill Circle, Singapore, into 2 properties, The Peak @ Cairnhill I and The Peak @ Cairnhill II. Upon the completion of both properties, the Group dissolved the joint development in May 2016. All the unsold units in The Peak @ Cairnhill II and The Peak @ Cairnhill I are transferred to the joint developer and the Group respectively.

Details of carrying amounts of net assets of The Peak @ Cairnhill I and The Peak @ Cairnhill II at the date of dissolution are as follows:

	The Peak @ Cairnhill I $'000	The Peak @ Cairnhill II $'000
2016		
Current assets		
Completed properties held for sale	18,098	25,670
Other receivables	32	55
Cash and bank balances	1,310	279
Total current assets	19,440	26,004
Non-current liability		
Long-term borrowings	(9,682)	(18,360)
Total non-current liability	(9,682)	(18,360)
Current liabilities		
Trade payables	(77)	(9)
Other payables	(1,719)	(1,424)
Total current liabilities	(1,796)	(1,433)
Net assets	7,962	6,211

The net loss on dissolution of joint development in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2016 $'000
Net assets acquired and liabilities assumed – The Peak @ Cairnhill I	7,962
Net assets derecognised – The Peak @ Cairnhill II	(6,211)
Write off of receivables due from joint developer (Note 13)	(4,662)
Loss on dissolution of joint development (Note 6)	(2,911)

Net cash (outflow)/inflow arising from dissolution of joint development:

	2016 $'000
Cash and cash equivalents inflow assumed – The Peak @ Cairnhill I	1,310
Cash and cash equivalents outflow – The Peak @ Cairnhill II	(279)
Cash and cash equivalents arising from dissolution of joint development	1,031

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

40 Operating lease commitments and contingent liabilities

(a) Operating lease commitments - the Group as lessor

The Group leases out office premise space to holding company and related 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	
	2017	2016
	$'000	$'000
Within one year	**292**	291
In the second to fifth year inclusive	**83**	333
Total	**375**	624

(b) Contingent liabilities

The Company has provided corporate guarantee of $219,504,000 (2016: $178,894,000) to banks for bank borrowings of $159,277,000 (2016: $139,858,000) taken by its subsidiaries (Note 42 (b)).

41 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 accommodation.

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.

41 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	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000 (Restated)	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000 (Restated)
Segment revenue												
External sales	**–**	1,204	**80,048**	26,272	**12,061**	10,869	**2,581**	1,400	**–**	–	**94,690**	39,745
Intercompany sales	**–**	480	**–**	–	**–**	–	**1,282**	753	**(1,282)**	(1,233)	**–**	–
Total revenue	**–**	1,684	**80,048**	26,272	**12,061**	10,869	**3,863**	2,153	**(1,282)**	(1,233)	**94,690**	39,745
Segment results												
Segment results	**2,720**	5,506	**15,811**	1,787	**7,400**	1,361	**1,083**	333	**(15,340)**	(10,576)	**11,674**	(1,589)
Share of results of associates	**–**	–	**(2,090)**	14,737	**–**	–	**–**	–	**–**	–	**(2,090)**	14,737
Finance costs	**(1,977)**	(2,352)	**(936)**	(364)	**(2,544)**	(2,053)	**(871)**	(228)	**49**	–	**(6,279)**	(4,997)
Profit/(loss) before tax	**743**	3,154	**12,785**	16,160	**4,856**	(692)	**212**	105	**(15,291)**	(10,576)	**3,305**	8,151
Tax expense	**(63)**	(118)	**(2,126)**	(111)	**(1,607)**	237	**(16)**	(29)	**796**	–	**(3,016)**	(21)
Profit/(loss) for the year	**680**	3,036	**10,659**	16,049	**3,249**	(455)	**196**	76	**(14,495)**	(10,576)	**289**	8,130
Profit/(loss) attributable to:												
Owners of the Company	**680**	3,036	**10,659**	16,209	**1,787**	(250)	**321**	30	**(14,495)**	(10,576)	**(1,048)**	8,449
Non-controlling interests	**–**	–	**–**	(160)	**1,462**	(205)	**(125)**	46	**–**	–	**1,337**	(319)
Profit/(loss) for the year	**680**	3,036	**10,659**	16,049	**3,249**	(455)	**196**	76	**(14,495)**	(10,576)	**289**	8,130

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

41 Segment information (cont'd)

	Corporate and others		Property development		Hotel operations		Investment properties		Group	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000 (Restated)	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000 (Restated)
Segment assets										
Segment assets	**5,013**	34,489	**270,923**	245,109	**64,034**	67,438	**36,307**	10,222	**376,277**	357,258
Investment in associates	**–**	–	**40,269**	47,667	**–**	–	**–**	–	**40,269**	47,667
Deferred tax assets	**–**	–	**2,124**	1,265	**492**	746	**331**	181	**2,947**	2,192
Total assets	**5,013**	34,489	**313,316**	294,041	**64,526**	68,184	**36,638**	10,403	**419,493**	407,117
Segment liabilities										
Segment liabilities	**(1,893)**	(3,970)	**(47,631)**	(32,440)	**(3,169)**	(909)	**(1,471)**	(972)	**(54,164)**	(38,291)
Loans and borrowings	**(29,939)**	(45,343)	**(110,368)**	(102,726)	**(25,952)**	(39,298)	**(22,957)**	(5,155)	**(189,216)**	(192,522)
Current and deferred tax liabilities	**(73)**	(27)	**(2,141)**	(3,438)	**(1,305)**	–	**(377)**	(210)	**(3,896)**	(3,675)
Total liabilities	**(31,905)**	(49,340)	**(160,140)**	(138,604)	**(30,426)**	(40,207)	**(24,805)**	(6,337)	**(247,276)**	(234,488)
Net assets/(liabilities)	**(26,892)**	(14,851)	**153,176**	155,437	**34,100**	27,977	**11,833**	4,066	**172,217**	172,629
Other segment items										
Depreciation of property, plant and equipment	**–**	687	**326**	337	**358**	2,239	**607**	26	**1,291**	3,289
Fair value gain on investment properties	**–**	–	**–**	–	**–**	–	**(431)**	–	**(431)**	–
Gain on disposal of non-current asset held for sale	**–**	–	**–**	–	**–**	–	**(5,348)**	–	**(5,348)**	–
Loss on dissolution of joint development	**–**	–	**–**	2,911	**–**	–	**–**	–	**–**	2,911
Gain on dilution of equity in associates	**–**	–	**–**	(1,254)	**–**	–	**–**	–	**–**	(1,254)
Reversal of impairment loss of property, plant and equipment	**–**	–	**–**	–	**–**	–	**(168)**	–	**(168)**	–
Property, plant and equipment written off	**–**	–	**–**	–	**–**	–	**542**	–	**542**	–
Purchase of property, plant and equipment	**–**	94	**32**	73	**7,739**	15,787	**2**	11	**7,773**	15,965
Completed properties and land held for sale written down	**–**	–	**2,894**	534	**–**	–	**–**	–	**2,894**	534

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

41 Segment information (cont'd)

Geographical information:

Segment revenue: Segment revenue is analysed based on the location of customers.

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

	Revenue		Non-current assets	
	2017 $'000	2016 $'000 (Restated)	**2017 $'000**	2016 $'000 (Restated)
Singapore	**36,141**	5,566	**66,595**	73,026
New Zealand	**1,378**	1,398	**9,760**	9,858
Australia	**12,061**	10,871	**–**	65,676
Vietnam	**254**	–	**–**	–
Malaysia	**44,856**	21,910	**461**	785
	94,690	39,745	**76,816**	149,345

Information about major customers:

The Group does not have any single major customer that contributes 10% or more to the Group's revenues.

42 Financial instruments

a) Categories of financial instruments

	Group		Company	
	2017 $'000	2016 $'000 (Restated)	**2017 $'000**	2016 $'000
Loans and receivables (including cash and bank balances)	**92,631**	87,062	**150,973**	160,141
Financial liabilities at amortised cost	**235,352**	227,142	**41,286**	36,480

Financial assets consist of cash and bank balances, trade receivables, other receivables (excluding prepayments, deferred sales commission expenses, deferred show flat costs and options money for purchase of properties) and loans receivable from associates.

Financial liabilities consist of bank loans, trade payables, other payables, finance lease, long-term borrowings, long-term loans, financial guarantee liabilities, term notes and loan from non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

42 Financial instruments (cont'd)

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.

Foreign exchange risk

The Group transacts business in various foreign currencies, including Thai Baht ("THB") and Australia Dollar ("AUD") 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:

	2017	**2017**	2016	2016
Denominated in	**THB $'000**	**AUD $'000**	THB $'000	AUD $'000
Group				
Cash and bank balances	**8**	**52**	47	59
Trade and other receivables	**337**	**–**	237	10
Loan receivable from associate	**2,882**	**–**	–	–
Trade and other payables	**–**	**(140)**	–	(87)
Net financial assets/(liabilities) denominated in foreign currencies	**3,227**	**(88)**	284	(18)

The Company is not exposed to any significant foreign currency risk as the Company's transactions are mainly denominated in Singapore dollars.

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.

Sensitivity analysis for foreign currency risk is not disclosed as the effect on the profit or loss is considered not significant.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

42 Financial instruments (cont'd)

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

Interest rate risk (cont'd)

Interest rate sensitivity

The sensitivity analysis below have 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 profit for the year ended 31 May 2017 would decrease/increase by $789,000 (2016: $778,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate 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 allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

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 other receivables of $3,374,000 (Note 13) which has been fully 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 40), represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

42 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 Note 23.

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						
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**
2016						
Non-interest bearing	–	37,657	–	–	–	37,657
Finance lease (fixed rate)	2.32	14	56	–	(7)	63
Fixed interest rate instruments	6.26	4,998	30,535	–	(2,661)	32,872
Variable interest rate instruments	4.12	29,738	135,651	5,040	(14,892)	155,537
Financial guarantee liabilities	–	77,413	631	–	(77,031)	1,013
		149,820	166,873	5,040	(94,591)	227,142

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

42 Financial instruments (cont'd)

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

Liquidity and cash flow risks (cont'd)

Non-derivative financial liabilities (cont'd)

	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					
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**
2016					
Non-interest bearing	–	2,011	–	–	2,011
Fixed interest rate instruments	6.34	3,524	29,758	(1,909)	31,373
Financial guarantee liabilities	–	180,112	1,878	(178,894)	3,096
		185,647	31,636	(180,803)	36,480

The maximum amount that the Group and the Company could be forced to settle under the financial guarantee contract in Note 28, if the full guaranteed amount is claimed by the counterparty to the guarantee are $57,118,000 and $222,393,000 (2016: $78,044,000 and $181,990,000) respectively. The earliest period that the guarantee could be called is within 1 year (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

42 Financial instruments (cont'd)

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

Liquidity and cash flow risks (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and 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					
2017					
Non-interest bearing	–	61,818	–	–	61,818
Fixed interest rate instruments	4.12	25,086	–	(273)	24,813
Variable interest rate instruments	4.15	249	6,158	(407)	6,000
		87,153	**6,158**	**(680)**	**92,631**
2016					
Non-interest bearing	–	52,068	–	–	52,068
Fixed interest rate instruments	4.77	23,827	6,047	(880)	28,994
Variable interest rate instruments	4.15	249	6,407	(656)	6,000
		76,144	12,454	(1,536)	87,062
Company					
2017					
Non-interest bearing	–	148,088	–	–	148,088
Fixed interest rate instruments	0.50 -4.00	2,885	–	*	2,885
		150,973	**–**	**–**	**150,973**
2016					
Non-interest bearing	–	157,189	–	–	157,189
Fixed interest rate instruments	0.50 -7.00	2,952	–	*	2,952
		160,141	–	*	160,141

* Denotes amount less than $1,000

43 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 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2017				
Non-financial assets				
Investment properties	**–**	**–**	**35,812**	**35,812**
2016				
Non-financial assets				
Investment properties	–	–	11,717	11,717

(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 2017

44 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, 27, 29 and 30 and equity attributable to owners of the Company, comprising of share capital, reserves and accumulated 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	
	2017	2016
	$'000	$'000 (Restated)
Total assets	**419,493**	407,117
Total debt	**192,946**	192,522
Total equity	**172,217**	172,629
Total debt-to-total assets ratio (times)	**0.45**	0.47
Total debt-to-total equity ratio (times)	**1.12**	1.12

The Group's overall strategy including its objective, policies and processes with regards to capital risk management remains unchanged from prior year.

45 Comparative figures

The financial statements for the financial year ended 31 May 2016 were audited by another auditor whose report dated 31 August 2016 expressed an unmodified opinion on those financial statements.

46 Prior year adjustment

In prior financial years, revenue from sale of commercial units in the mixed use development of Malaysian subsidiary TEE Resources Sdn. Bhd. has been recognised based on the completed contract method. However, based on management review of its revenue recognition policy, it was noted that this was overly conservative as such commercial units have the same characteristics as the residential units, where transfer of significant risks and rewards of ownership occurs as construction progresses. As a result, in the current year, management changed the accounting policy for revenue recognition for commercial units in a mixed use development from completed contract method to percentage of completion method; with stage of completion measured based on contract costs incurred to date which was verified by independent qualified surveyors and compared to the total contract costs to complete the development properties. This change in accounting policy resulted in prior year comparative figures being restated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

46 Prior year adjustment (cont'd)

The changes in the abovementioned accounting policy has been accounted for retrospectively and comparative figures for the financial year ended 31 May 2016 have accordingly been restated. The effects of change on group financial statements are summarised below:

	As reported $'000	Prior year adjustment $'000	As restated $'000
Statement of Comprehensive Income for the financial year ended 31 May 2016			
Revenue	34,889	4,856	39,745
Costs of sales	(21,755)	(3,364)	(25,119)
Selling and distribution cost	(2,937)	(174)	(3,111)
Income tax credit/(expenses)	179	(200)	(21)
Net profit for the year	7,012	1,118	8,130
Other comprehensive income			
Item that is or maybe reclassified subsequently to profit or loss:			
– Currency translation difference arising on equity accounting	(1,837)	(21)	(1,858)
Total comprehensive income for the year, net of tax	5,175	1,097	6,272
Statement of Financial Position as at 31 May 2016			
Other receivables	24,846	(206)	24,640
Development properties	113,796	1,818	115,614
Deferred tax assets	2,643	(451)	2,192
Total assets	405,956	1,161	407,117
Share capital and reserves as at 31 May 2016			
Accumulated profits	24,051	1,183	25,234
Currency translation reserve	(2,305)	(22)	(2,327)
Total share capital and reserves	158,009	1,161	159,170
Statement of Cash Flows for the financial year ended 31 May 2016			
Net cash used in operating activities	(1,488)	3,673	2,185
Net cash from financing activities	10,392	(5,023)	5,369
Statement of Financial Position as at 1 June 2015			
Other receivables	16,963	(35)	16,928
Development properties	122,658	377	123,035
Deferred tax assets	1,332	(278)	1,054
Total assets	385,090	64	385,154
Share capital and reserve as at 1 June 2015			
Accumulated profits	20,429	65	20,494
Currency translation reserve	(733)	(1)	(734)
Total share capital and reserve	155,959	64	156,023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

47 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 2017 were authorised for issue in accordance with a resolution of the directors dated 30 August 2017.

STATISTICS OF SHAREHOLDINGS

As at 22 August 2017

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 and Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	244	8.60	6,936	0.00
100 - 1,000	611	21.52	316,557	0.07
1,001 - 10,000	1,212	42.69	5,593,050	1.25
10,001 - 1,000,000	751	26.45	48,638,648	10.89
1,000,001 & above	21	0.74	392,320,809	87.79
Total	2,839	100.00	446,876,000	100.00

LIST OF TWENTY LARGEST SHAREHOLDERS

As at 22 August 2017

No.	Name of Shareholders	No. of Shares	%
1	TEE International Limited	242,777,678	54.33
2	Hong Leong Finance Nominees Pte Ltd	55,510,147	12.42
3	Sing Invest & Finance Nominees Pte Ltd	17,502,000	3.92
4	CIMB Securities (Singapore) Pte Ltd	13,160,332	2.94
5	Tommie Goh Thiam Poh	9,630,000	2.15
6	Maybank Kim Eng Securities Pte Ltd	9,442,052	2.11
7	Citibank Nominees Singapore Pte Ltd	7,095,257	1.59
8	DBS Nominees (S) Pte Ltd	5,312,552	1.19
9	Phua Cher Chew (Pan Ziqiu)	4,379,537	0.98
10	Kgi Securities (Singapore) Pte Ltd	4,185,500	0.94
11	Phillip Securities Pte Ltd	3,901,193	0.87
12	DBS Nominees Pte Ltd	3,376,942	0.76
13	Jeremy Lee Sheng Poh	3,100,000	0.69
14	Raffles Nominees (Pte) Ltd	2,655,810	0.59
15	Lincoln Capital Pte. Ltd.	1,831,154	0.41
16	Ang Jui Khoon	1,771,827	0.40
17	OCBC Securities Private Ltd	1,478,113	0.33
18	Lee Bee Wah	1,474,233	0.33
19	DBS Vickers Securities (S) Pte Ltd	1,418,616	0.32
20	Tan Su Kiok Or Sia Li Wei Jolie (She Liwei Jolie)	1,297,866	0.29
	Total	391,300,809	87.56

STATISTICS OF SHAREHOLDINGS

As at 22 August 2017

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
TEE International Limited [(1)]	242,777,678	54.33	40,000,000	8.95
Phua Chian Kin [(2)]	23,491,793	5.25	283,939,210	63.54
Hong Leong Finance Nominees Pte Ltd	55,510,147	12.42	–	–

Notes:

(1) 40,000,000 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 1,161,532 ordinary shares held by his spouse, Mdm. Tay Kuek Lee, and 4 P Investments Pte. Ltd where he is a shareholder.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 22 August 2017, approximately 29.58% 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, Emerald Suite, Golf Clubhouse, Level 2, 1 Orchid Club Road, Singapore 769162* on Friday, 29 September 2017 at 3 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 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring by rotation pursuant to Regulation 89 of the Company's Constitution:

   Er Dr Lee Bee Wah **(Resolution 2)**
   Mr Chin Sek Peng **(Resolution 3)**
   Mr Phua Cher Chew **(Resolution 4)**

   Er Dr Lee Bee Wah will, upon re-election as a Director of the Company, remain as Chairman of the Board and Nominating Committee respectively and a member of the Audit Committee and will be considered independent.

   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 the Nominating and Remuneration Committees respectively 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 2018, to be paid in arrears (FY2017: S$300,000/-). **(Resolution 5)**

4. To re-appoint Messrs Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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, Cap. 50 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 be limited as follows:

NOTICE OF ANNUAL GENERAL MEETING

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50 per centum (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 (4) 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 per centum (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 (4) below) ("General Limit");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis ("Renounceable Rights Issues") shall not exceed 50 per centum (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 (4) below ("Additional Limit");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (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 (4) below);

(4) subject to such 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)(A) and (1)(B) 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 exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(5) 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

(6) 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 7)**

NOTICE OF ANNUAL GENERAL MEETING

7. **AUTHORITY 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 8)**

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 14 September 2017 (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 9)**

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");

NOTICE OF ANNUAL GENERAL MEETING

(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 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,

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 10)**

By Order of the Board

Ng Tah Wee
Lai Foon Kuen

Company Secretaries
Singapore, 14 September 2017

* *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 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("AGM") of the Company, or the date by which the next AGM 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 the aggregated of (i) 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 of the Company (the General Limit)and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares and subsidiary holdings) at the time Ordinary Resolution 7 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.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company ("the Enhanced Rights Issue Limit"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it enables the Company to raise funds expediently for expansion activities or working capital.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

(ii) Ordinary Resolution 8, 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 9, if passed, will renew the general mandate approved by Shareholders of the Company on 23 September 2016 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 General Mandate. This authority will, unless previously revoked or varied by the Company in at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(iv) Ordinary Resolution 10, 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 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.

NOTICE OF ANNUAL GENERAL MEETING

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.

TEE LAND LIMITED
(Incorporated in the Republic of 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, Emerald Suite, Golf Clubhouse, Level 2, 1 Orchid Club Road, Singapore 769162 on Friday, 29 September 2017 at 3 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 2017		
2	Re-election of Er Dr Lee Bee Wah as a Director		
3	Re-election of Mr Chin Sek Peng as a Director		
4	Re-election of Mr Phua Cher Chew as a Director		
5	Approval of Directors' fees of S$342,000/- for the financial year ending 31 May 2018		
6	Re-appointment of Baker Tilly TFW LLP as Auditors		
7	Authority to issue shares		
8	Authority to allot and issue shares under the TEE Land Performance Share Plan and TEE Land Employee Share Option Scheme		
9	Renewal of the Mandate for Interested Person Transactions		
10	Renewal of Share Buyback Mandate		

** Delete where inapplicable*

Dated this __________ day of ______________ 2017

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Er. Dr. Lee Bee Wah
Non-Executive Chairman and Independent Director

Mr. Phua Cher Chew
Executive Director and CEO

Ms. Saw Chin Choo
Non-Executive Director

Dato Paduka Timothy Ong Teck Mong
Non-Executive Director

Dr. Tan Khee Giap
Independent Director

Mr. Chin Sek Peng
Independent Director

Mr. Lim Teck Chai, Danny
Independent Director

AUDIT COMMITTEE

Mr. Chin Sek Peng (Chairman)
Er. Dr. Lee Bee Wah
Dr. Tan Khee Giap
Mr. Lim Teck Chai, Danny

NOMINATING COMMITTEE

Er. Dr. Lee Bee Wah (Chairman)
Mr. Chin Sek Peng
Mr. Phua Cher Chew

REMUNERATION COMMITTEE

Dr. Tan Khee Giap (Chairman)
Ms. Saw Chin Choo
Mr. Chin Sek Peng

STRATEGIC ADVISORY COMMITTEE

Mr. Phua Chian Kin (Chairman)
Dr. Tan Khee Giap
Mr. Lim Teck Chai, Danny

COMPANY SECRETARIES

Mr. Ng Tah Wee
Ms. Lai Foon Kuen, ACIS

REGISTERED OFFICE

Co. Reg. No.: 201230851R

25 Bukit Batok Street 22
TEE Building
Singapore 659591
Tel: (65) 6899 1428
Fax: (65) 6897 3468
Email: enquiries@teeland.com.sg
Website: http://www.teeland.com.sg

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

INDEPENDENT AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road,
#05-01 Parkview Square,
Singapore 188778

Auditor Partner-in-charge:
Mr. Sim Guan Seng
(Appointed with effect from 29 May 2017)

INVESTOR RELATIONS

Ms. Celine Ooi
Tel: (65) 6697 6589
Fax: (65) 6565 1738
Email: ir@teeland.com.sg

PRINCIPAL BANKERS/FINANCIAL INSTITUTIONS

Australia and New Zealand Banking Group Limited
Hong Leong Finance Limited
United Overseas Bank Limited

TEE LAND

TEE LAND LIMITED
Incorporated in the Republic of Singapore)
(Company Registration Number 201230851R)

25 Bukit Batok Street 22
Singapore 659591