BUILT BY PEOPLE
DRIVEN BY PASSION

TEE Land Limited

Annual Report 2016

TEE LAND

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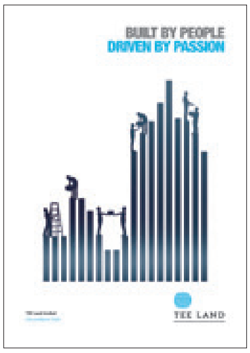


ABOUT THE 2016 ANNUAL REPORT
TEE Land's 2016 annual report is a celebration of the unity and commitment that will help us build an enterprise that we can be proud of.

The cover design features vertical lines that look like a skyline—a representation of TEE Land's vision to create landmarks that enhance environments and improve lives. It also depicts silhouettes of individuals interacting with one another to convey how people remain at the heart of TEE Land's vision.

BUILT BY PEOPLE DRIVEN BY PASSION

SINGAPORE • MALAYSIA • THAILAND • AUSTRALIA • NEW ZEALAND

Building something of lasting value requires many things: a solid plan, an eye for quality, a strong suite of capabilities and a proven track record.

But what ultimately differentiates TEE Land is the uniqueness of our people, as well as our immense passion and zeal.

Working together to build an enterprise that delivers quality real estate solutions, excellent service and long-term value, our people at TEE Land will continue to strive to maximise our potential as a team and as a company.

FOUNDED ON PEOPLE

FUNDAMENTALLY HARMONIOUS AND MOTIVATED. Our work culture at TEE Land encourages competence, integrity, collaboration and constructive tension, where everybody can contribute and make a difference.

CORPORATE PROFILE

OUR VISION

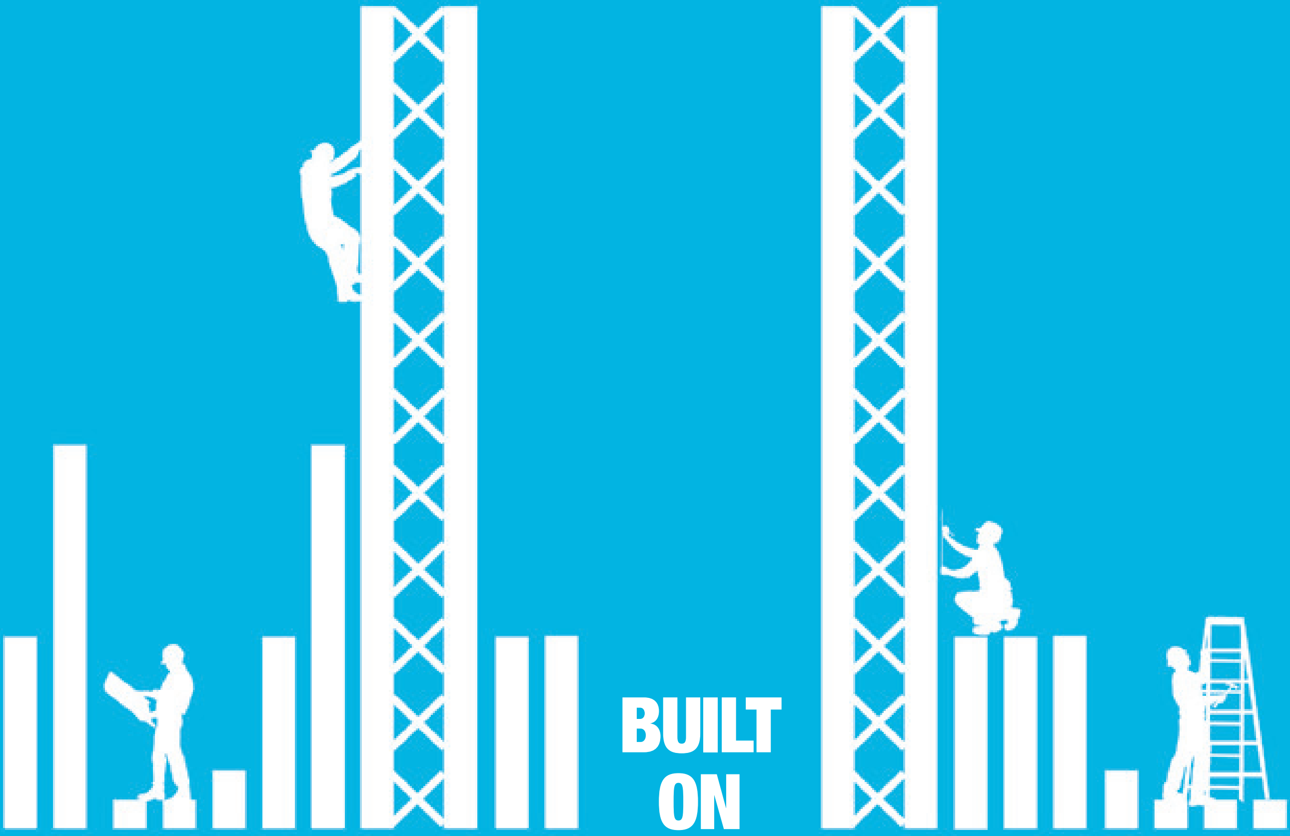
Our vision is to create living and working spaces that harmonise societies, businesses and people. We aspire to develop homes which resonate with consummate lifestyle choices, as well as industrial, commercial and hospitality properties which reflect the needs of the local community.

TEE Land Limited ("TEE Land" or "the Group") is a regional real estate developer and investor, with a growing 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 properties such as hotels in Australia and short-term accommodation in New Zealand.

TEE Land is 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 predominantly freehold in tenure and are targeted at middle-to-high income consumers who value exclusivity in good locations.

TEE Land was incorporated in 2012 and listed on the mainboard of the Singapore Exchange in 2013. The company is a subsidiary of SGX Mainboard-listed TEE International Limited.

> **"TEE LAND IS 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."**



BUILT ON PASSION

OUR HEART IS IN THE RIGHT PLACE.

At TEE Land, we are passionate about developing a company of absolute reliability, built around a philosophy of continuous learning, improvement & taking responsibility.

31 & 31A
Harvey Avenue
Artist Impression

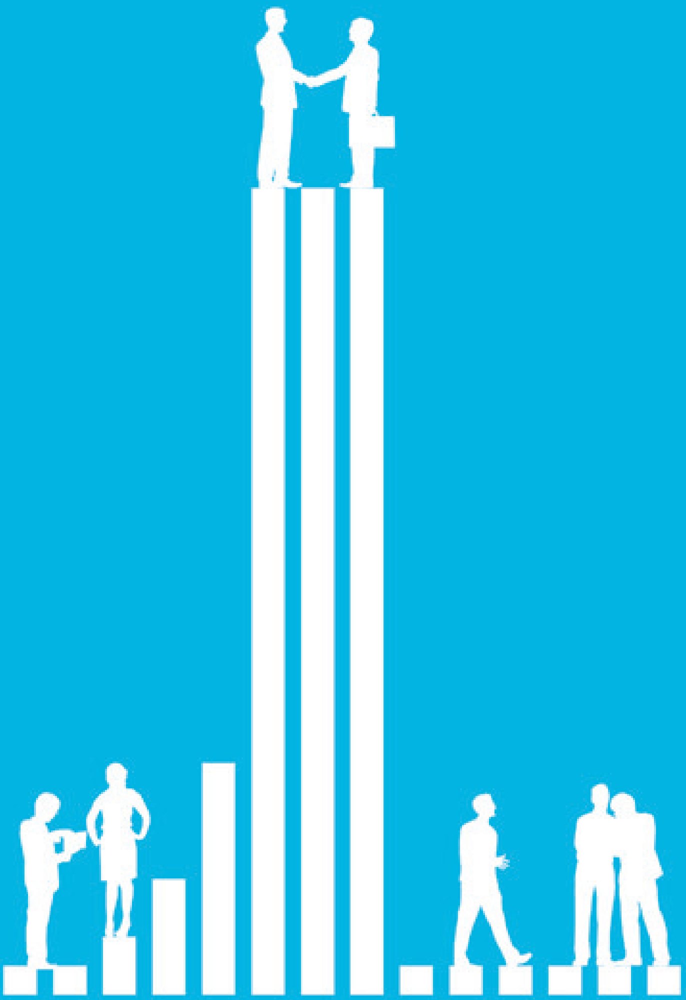
▶

183 LONGHAUS
Artist Impression

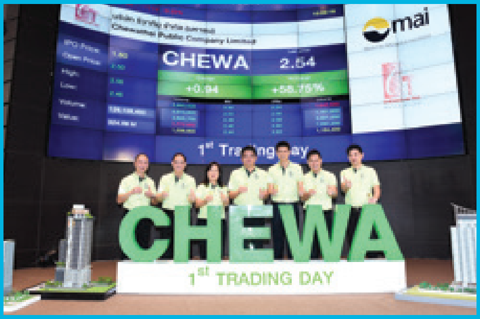
◀

Hilbre28
Artist Impression

▶



FORTIFIED BY PARTNERSHIPS



WE THRIVE IN OUR SYNERGIES.

Partnerships open doors to expanding networks and building new ties. Working together with our partners, clients and communities, we aim to tap new opportunities and deliver more value-creating projects in Singapore and beyond.

Rezi 3Two
Artist Impression

▶

Chewathai Residence Bang Pho
Artist Impression

◀

Third Avenue, Malaysia
Artist Impression

▼

Chewarom Rangsit - Don Meaung
Artist Impression

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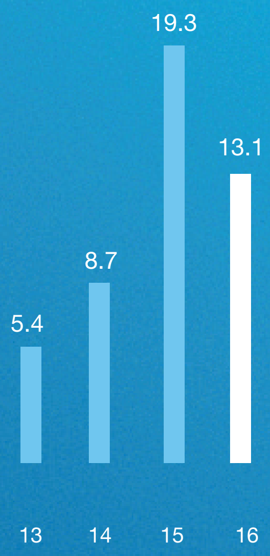
FINANCIAL HIGHLIGHTS

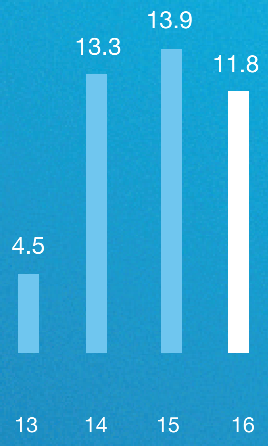
THE YEAR'S KEY FIGURES

2016: THE PERFORMANCE INDICATORS

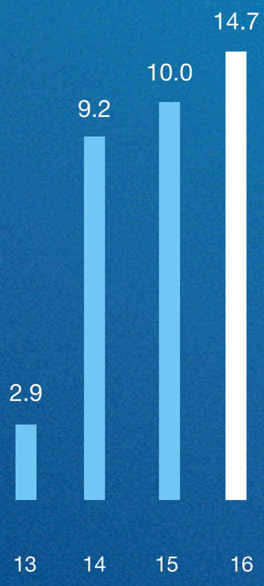
Revenue
(S$'m)



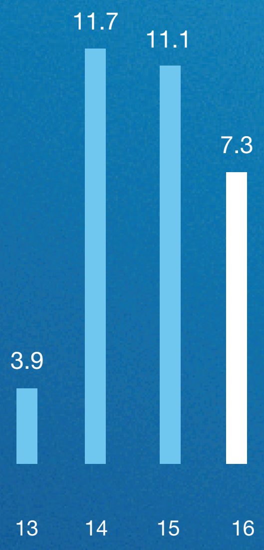
Gross Profit
(S$'m)



Earnings Before
Interest and Tax
(S$'m)



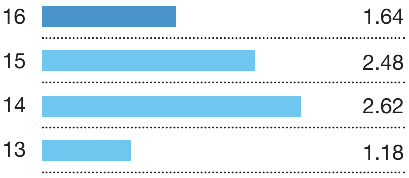
Share of Results
of Associates
(S$'m)



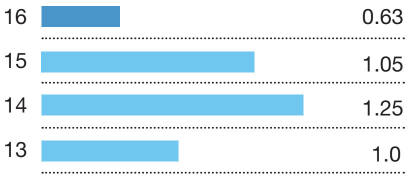
Profit Attributable
to Owners of
the Company
(S$'m)

FINANCIAL HIGHLIGHTS

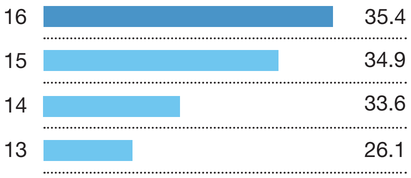
PER SHARE (CENTS)



Earnings - Basic

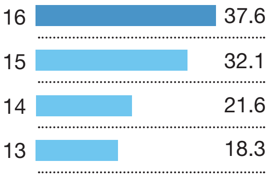


Dividend

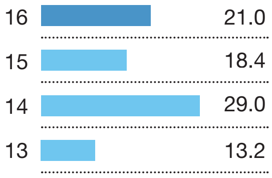


Net Asset Value

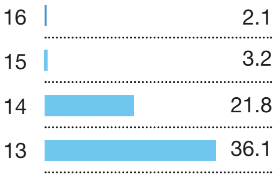
FINANCIAL RATIOS



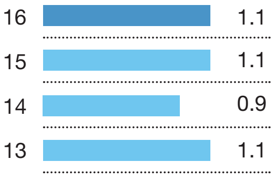
Gross Profit Margin (%)



Profit Attributable to Owners of the Company Margin (%)

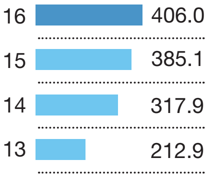


Interest Coverage Ratio (times)

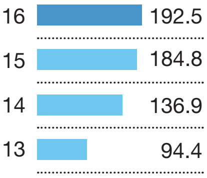


Total Debt / Equity (times)

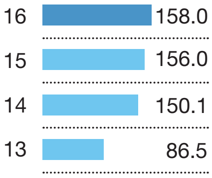
AT YEAR-END



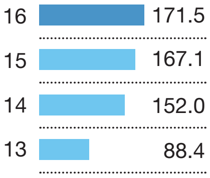
Total Assets (S$'m)



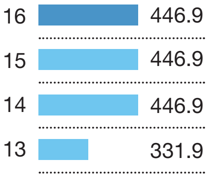
Total Debt (S$'m)



Equity Attributable to Owners of the Company (S$'m)

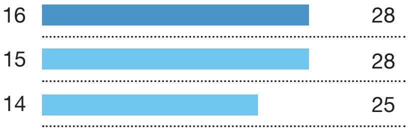


Total Equity (S$'m)

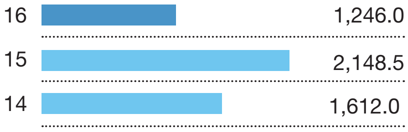


Total Number of Shares (in millions)

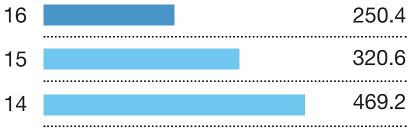
PRODUCTIVITY



Number of Employees



Revenue / Employee (S$'000)



Profit / Employee (S$'000)

ER. DR. LEE BEE WAH
Non-Executive Chairman

PHUA CHER CHEW
Executive Director and CEO

> **"TEE LAND IS DETERMINED TO CONTINUE TO IMPROVE ON THE VALUE OF ITS DEVELOPMENT PROPERTIES AND MAKE MORE STRATEGIC ACQUISITIONS."**

The past year for the real estate market has not been one without hard knocks, especially for Singapore where the government's stance for cooling measures and property curbs remains firm, alongside subdued overall market sentiment in neighbouring countries. Despite the challenges, TEE Land remains resilient given its strong foundation and capable team.

STAYING RESILIENT AMIDST CHALLENGES

During the year, we focused on executing, as well as stepping up sales and marketing efforts for our ongoing development projects. Sales of our projects to date in Singapore and Malaysia continued to rise steadily with nearly 90% of the residential units sold for Third Avenue, Cyberjaya, 75% sales of the residential units for the newly launched 183 LONGHAUS, the mixed-use development located at the former Longhouse site, and 60% sales for Hilbre28. The encouraging sales performance of our developments bear testament to our strengths in developing well-located properties that are designed to suit home buyers' needs and functionality. As such, we are confident that we will be able to continue to sell the remaining units of our projects. The commercial units of 183 LONGHAUS will be launched at a later phase as we continue to monitor market conditions and buying interest for these units. We had also, completed and received Temporary Occupation Permit (TOP) for four joint venture development projects, namely Sky Green, Palacio, Rezi 26 and NeWest in Singapore.

As part of the strategic intent to focus on markets we have greater presence in, TEE Land exited from the joint venture KAP Holdings (China) Pte. Ltd. by selling our share to Oxley China Pte. Ltd. and Lian Beng (China) Pte. Ltd.

Singapore will continue to be the foundation of the Group as we continue to identify pocket of opportunities for freehold and well-located land. According to local media reports, the residential market in the Geylang precinct has picked up interest of buyers who are looking for reasonably priced properties with long-term potential upside and steady investment yields. Currently, we have completed one development, Rezi 26, and constructing our second development, Rezi 3Two in Geylang. Since the launch of Rezi 3Two, it has received good response from buyers and to date, achieved 80% sales. Adding to our future development plan in Geylang, would be the recent acquisition of a freehold land at Lorong 35 with plans to develop it into a block of 8-storey residential flats with roof terrace and swimming pool.

MAKING HEADWAY IN THAILAND

Since the Group embarked on the regionalisation strategy, we have invested in Thailand with a long-term investment view of its prospects. Our real estate portfolio in Thailand now comprises 11 development projects, of which, eight of them are completed and construction for two other projects are underway. The latest development project, Chewathai Petchkasem 27 is expected to launch soon. This project sits on a 6,544sqm plot of freehold land at Petchkasem Road, Tambon Bangwha, Amphus Pasri Charoen, Bangkok and it will be developed into a high-rise condominium. Besides building condominiums in Thailand, we are also moving into developing landed residential projects such as Chewarom Rangsit - Don Meaung, an 81-unit gated residential community, is the first landed housing development by our associated company, Chewathai Public Company Limited ("Chewathai"). This development will offer another option for home buyers who are looking for properties other than condominiums and are still within the Greater Bangkok region.

This year, we have reached another milestone as we celebrate the listing of Chewathai Public Company Limited on the Market for Alternative Investment of the Stock Exchange of Thailand. Following the listing, TEE Land will retain a shareholding interest of about 31.9% in Chewathai. With Chewathai constantly on the lookout for more land acquisitions and planning more property developments in the near-term, we believe that it is primed for greater growth.

ENSURING SUSTAINABLE GROWTH

The global economic outlook will remain challenging across many sectors, in particular the real estate market in Singapore and the region. TEE Land is determined to continue to improve on the value of its development properties and make more strategic acquisitions with regards to land and income-generating assets. We acknowledge that in order to achieve sustainable growth, we have to take calculated risks while riding out the current challenging real estate cycle in the region. As such, TEE Land believes that it is critical to conserve cash while actively sourcing for small development sites in Singapore with attractive attributes in the coming year, either through wholly-owned or majority-owned structures.

In terms of our investment approach, we will continue to explore new opportunities to invest in regional income-generating assets that typically provide a steady stream of income alongside redevelopment potential for the Group. The potential value of these assets can be realised through various ways including i) asset enhancement to improve occupancy rates ii) redevelopment into residential projects and iii) disposal of asset at a profit. Our present income-generating portfolio is mainly in Australia and New Zealand where real estate markets in these developed countries are favourable to investors. With that, we will leverage on existing business network to seize opportunities to invest and realise the value of our investments.

BUILT BY PEOPLE, DRIVEN BY PASSION

Over the years, we have grown to become an established regional real estate developer with the completion of more than twenty development projects and an investor in income-generating assets in the region. TEE Land is the company that it is today because of its people building it up from its foundation. As a saying by Starbucks' CEO Howard Schultz goes, "When you're surrounded by people who share a passionate commitment around a common purpose, anything is possible." The progress of TEE Land can be attributed to our people – the team who is driven by a strong passion to grow the business. This passion will continue to fuel our desire to pursue greater excellence and growth in the future.

SHOWING APPRECIATION TO OUR STAKEHOLDERS

The Board of Directors has recommended a final dividend of 0.41 Singapore cents per share, subject to shareholders' approval. Together with the interim dividend of 0.22 Singapore cents per share, the total dividends for FY2016 would be 0.63 Singapore cents per share. On behalf of the Board, we would like to show our appreciation to all stakeholders – shareholders, customers, business partners, the management team and employees – for their constant support for the Group. With continual support from our stakeholders, a strong management team and dedicated workforce in place, we are motivated to remain persistent in achieving our goals – Built by People, Driven by Passion.

Er. Dr. Lee Bee Wah
Non-Executive Chairman

Phua Cher Chew
Executive Director and Chief Executive Officer

COMPETITIVE STRENGTHS

A LOOK AT OUR NUMBERS REGIONALLY

15
PROJECTS
CURRENT

25
PROJECTS
COMPLETED

01

EXPERIENCED DEVELOPER IN SINGAPORE

Singapore continues to be the foundation of the Group's business. To date, the Group has completed 14 projects in Singapore. The Group has another 15 projects currently being launched and/or under construction, including joint venture projects in Singapore and the region.

The Group has demonstrated 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 thorough in our evaluation of new business opportunities.

02

GROWING BEYOND SINGAPORE

TEE Land is a regional developer and investor with a growing presence in Malaysia, Thailand, Australia and New Zealand. TEE Land develops property for residential, commercial and industrial use, as well as invests in hotels in Australia and short-term accommodation in New Zealand, which contribute recurring income streams.

As a growth-oriented company, TEE Land is constantly on the lookout for 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.

> **WITH AN ESTABLISHED NETWORK COMPRISING OF PROFESSIONALS AND CONSULTANTS, THE GROUP IS ABLE TO DELIVER QUALITY AND INNOVATIVE DEVELOPMENTS.**

03

DELIVER QUALITY DEVELOPMENTS

The Group is recognised for providing quality homes that delight 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.

Most importantly, the Group firmly believes in developing products to serve the local community, be it in Singapore, Thailand or Malaysia. 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 overseas projects.

04

LEVERAGE ON THE GROUP NETWORK

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

OPERATING AND FINANCIAL REVIEW

31 & 31A
Harvey Avenue
Artist Impression

Sky Green

The Peak
@ Cairnhill 1

RESIDENTIAL

SINGAPORE

Name of Property	Location	Land Area (Sqm)	Tenure	No. of Units	Estimated Completion/ TOP Date	Group's Effective Interest
Completed						
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 Rd	6,218.2	Freehold	176	Nov-15	20%
The Peak @ Cairnhill I	51 Cairnhill Circle	976.84	Freehold	52	Sep-14	100%
Ongoing						
Hilbre28	68 Hillside Drive	2,000.5	999 years commencing from 1st Sep 1876	28	Dec-18	100%
Rezi 3Two	Geylang, Lorong 32	1,234	Freehold	65	Dec-16	45%
Upcoming						
31 & 31A Harvey Avenue	31 & 31A Harvey Avenue	1,025.8	Freehold	2	Dec-17	100%
Geylang, Lorong 35	Geylang Lorong 35	1,113.77	Freehold	40	Sep-18	51%

183 LONGHAUS Retail
Artist Impression

Third Avenue, Malaysia
Artist Impression

RESIDENTIAL

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%
Ongoing						
Chewathai Residence Bangpho	Pracharat Sai 2 Road	2,364	Freehold	172	Q4-17	31.9%
Chewathai Petchkasem 27	Petchkasem 27	16,692	Freehold	638	Q2-18	31.9%
Chewarom Rangsit - Don Meaung	Rangsit Klong 1	3,640	Freehold	81	Q4-16	31.9%

MIXED DEVELOPMENTS

Name of Property	Location	Land Area (Sqm)	Tenure	No. of Units	Estimated Completion/ TOP Date	Group's Effective Interest
Completed (Singapore)						
NeWest	3 West Coast Drive	14,011	956 years commencing from May 1928	136 Residential 141 Retail	Jul-16	7%
Ongoing (Singapore)						
183 LONGHAUS	183 Upper Thomson Road	1,575.6	Freehold	40 Residential 10 Commercial	Oct-20	100%
Ongoing (Malaysia)						
Third Avenue	Jalan Technocrat 3, Cyberjaya Selangor	2,4085	Freehold	701 Residential 30 Commercial Office Tower	Jun-18	100%

OPERATING AND FINANCIAL REVIEW

Workotel

Quality Hotel CKS Sydney Airport

Larmont Hotel, Sydney

INCOME-GENERATING

Name of Property	Location	Land Area (Sqm)	Tenure	Group's Effective Interest
Completed				
TEE Building	25 Bukit Batok	2,600.1	30+30 lease	100%
Name of Property	**Location**	**No. of Rooms**	**Additional Work**	**Group's Effective Interest**
Completed				
Workotel	Riccarton, Christchurch, New Zealand	107 units and 7 houses	N.A.	75.10%
Thistle Guest House	21 Main North Road, Christchurch, New Zealand	10	N.A.	75.10%
Quality Hotel CKS Sydney airport	33 Levey Street, Wolli Creek, NSW	121	N.A.	55%
Larmont Hotel Sydney	2-14 Kings Cross Rd, Potts Point NSW	76	*	55%

**DA approved to add on additional 28 rooms. Conversion and renovation work have commenced on May 2016. Target completion is end 2016.*

INCOME STATEMENT

REVENUE

Revenue for the financial year ended 31 May 2016 ("FY2016") decreased by S$25.3 million (42.0%) from S$60.2 million in FY2015 to S$34.9 million in FY2016. This was due mainly to lower development project revenue recognised in FY2016. In FY2016, we recognised progressive development project revenue from Third Avenue in Cyberjaya, Malaysia, and Hilbre 28 in Singapore. This decrease in development project revenue was offset to some extent by higher hotel revenue in Australia and rental income from certain area of the corporate building in FY2016.

COST OF SALES

Cost of sales for FY2016 correspondingly decreased by S$19.1 million (46.8%) from S$40.9 million in FY2015 to S$21.8 million in FY2016. Gross margin improved from 32.1% in FY2015 to 37.6% in FY2016. This was due mainly to higher revenue contributions from hotel operations and rental income, with higher gross margin in FY2016.

OTHER OPERATING INCOME

Other operating income for FY2016 increased by S$0.8 million (28.7%) from S$2.7 million in FY2015 to S$3.5 million in FY2016 due mainly to gain on dilution of equity interest in our Thai associate, which was publicly listed in April 2016.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for FY2016 increased by S$0.6 million (29.7%) from S$2.3 million in FY2015 to S$2.9 million in FY2016 due mainly to higher promotional and showflat expenses for our development projects, higher selling expenses for our hotel operations which operated for a full year in FY2016, offset to some extent by lower sales commission as a result of lower development project revenue in FY2016.

ADMINISTRATIVE EXPENSES

Administrative expenses for FY2016 increased by S$3.0 million (30.8%) from S$9.6 million in FY2015 to S$12.6 million in FY2016, due mainly to administrative expenses, including depreciation, for our two hotels in Australia and our corporate building in FY2016.

OTHER OPERATING EXPENSES

Other operating expenses for FY2016 decreased by S$2.2 million (36.5%), from S$6.2 million in FY2015 to S$4.0 million in FY2016 due mainly to lower unrealised foreign exchange loss in FY2016.

SHARE OF RESULTS OF ASSOCIATED COMPANIES

Share of results of associated companies for FY2016 increased by S$4.7 million (47.5%), from S$10.0 million in FY2015 to S$14.7 million in FY2016 due mainly to stronger contribution from our Thai associates in FY2016.

FINANCE COSTS

Finance costs for FY2016 increased by S$1.4 million, from S$3.6 million in FY2015 to S$5.0 million in FY2016 due mainly to full year's interest cost for the Medium Term Notes raised in October 2014 and interest cost for our second hotel in Australia.

PROFIT BEFORE TAX

Profit before tax for FY2015 decreased by S$3.4 million (33.1%), from S$10.2 million in FY2015 to S$6.8 million in FY2016.

TAX EXPENSES

Income tax credit of S$0.2 million in FY2016 compared to income tax expense of S$1.2 million in FY2015 was due mainly to the recognition of deferred tax assets for certain loss-making subsidiaries in FY2016.

PROFIT AFTER TAX

Overall, profit after tax for FY2016 decreased by 21.9%, from S$9.0 million in FY2015 to S$7.0 million in FY2016.

BALANCE SHEET

CASH AND BANK BALANCES

Cash and bank balances increased from S$18.6 million as at 31 May 2015 to S$26.4 million as at 31 May 2016. This was due mainly to drawdown of bank loans, offset to some extent by net cash used in operating activities and investing activities. A more detailed commentary on the increase in cash and bank balances is in the commentary on Statement of Cash Flows.

TRADE RECEIVABLES

Trade receivables decreased from S$37.8 million as at 31 May 2015 to S$7.9 million as at 31 May 2016 due mainly to higher collections compared to revenue in FY2016.

OTHER RECEIVABLES

Other receivables in total (current and non-current) increased from S$27.4 million as at 31 May 2015 to S$30.8 million as at 31 May 2016 due mainly to loan to former joint development partner, refundable deposit for potential investment and deposit for land acquisition, offset to some extent by repayment of loan by a related party and write-off of receivable in the exchange transaction of Peak I and Peak II (as defined and explained in Development properties below).

LOANS RECEIVABLE FROM ASSOCIATES

Loans receivable from associates in total (current and non-current) decreased from S$35.0 million as at 31 May 2015 to S$28.8 million as at 31 May 2016. This was due mainly to repayment of loans by associates.

DEVELOPMENT PROPERTIES

Development properties decreased from S$122.7 million as at 31 May 2015 to S$113.8 million as at 31 May 2016, due mainly to the dissolution of our joint development at

Cairnhill Circle, where we exchanged our share in The Peak @ Cairnhill II ("Peak II") with our former joint development partner's share in The Peak @ Cairnhill I ("Peak I"). This resulted in a decrease in Development properties and an increase in Completed properties and land held for sale. This decrease was offset to some extent by progressive capitalisation of construction and development costs for other development properties as construction of these properties progressed.

COMPLETED PROPERTIES AND LAND HELD FOR SALE

Completed properties and land held for sale increased from S$15.0 million as at 31 May 2015 to S$46.2 million as at 31 May 2016, due mainly to the exchange of our Peak II entitlement for all the unsold units of Peak I as explained in Development properties above.

INVESTMENT IN ASSOCIATES

Investment in associates increased from S$36.1 million as at 31 May 2015 to S$47.7 million as at 31 May 2016 due mainly to increase in investment in our Thai associate, Chewathai Public Company Limited, and share of profits from associates.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased from S$79.2 million as at 31 May 2015 to S$90.0 million as at 31 May 2016 due mainly to the acquisition of the 11th floor, penthouse and four commercial units of Larmont Hotel Building and Corporate Suites in Sydney, Australia.

DEFERRED TAX ASSETS

Deferred tax assets increased from S$1.3 million as at 31 May 2015 to S$2.6 million as at 31 May 2016 due mainly to the recognition of deferred tax assets by certain loss making subsidiaries.

BANK LOANS

Bank loans decreased from S$11.5 million as at 31 May 2015 to S$3.1 million as at 31 May 2016 due mainly to the repayment of loan for Aura 83 development property project.

TRADE PAYABLES

Trade payables increased from S$8.6 million as at 31 May 2015 to S$11.7 million as at 31 May 2016 due mainly to sales commission payable, and construction and development costs incurred for ongoing development projects.

OTHER PAYABLES

Other payables increased from S$20.5 million as at 31 May 2015 to S$25.6 million as at 31 May 2016 due mainly to increase in accrual for construction costs incurred for ongoing property developments and deposits received for sale of land in Vietnam.

LONG-TERM LOAN

Long-term loan of S$4.05 million as at 31 May 2016 under Current Liabilities was for an amount due to our former joint development partner. This was reclassified from Non-current liabilities as at 31 May 2015, as the amount had become due within the next 12 months.

LONG-TERM BORROWINGS

Long-term borrowings in total (current and non-current) increased from S$139.6 million as at 31 May 2015 to S$155.5 million as at 31 May 2016, mainly due to loan drawdown for development property projects and acquisition of the 11th floor and penthouse of Larmont Hotel Building and Corporate Suites.

FINANCIAL GUARANTEE LIABILITIES

Financial guarantee liabilities in total (current and non-current) increased from S$0.8 million as at 31 May 2015 to S$1.0 million as at 31 May 2016 due to additional corporate guarantees given for joint venture development projects.

INCOME TAX PAYABLE

Income tax payable increased from S$1.3 million as at 31 May 2015 to S$3.5 million as at 31 May 2016, mainly due to the completion of Aura 83 as revenue from sales of development properties is only taxable upon completion of the project. The completion of development property, Aura 83 is also the main reason for deferred tax liabilities to reduce from S$2.0 million as at 31 May 2015 to S$0.2 million as at 31 May 2016.

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES

For FY2016, a net cash of S$1.5 million was utilised in operating activities. This was due mainly to net increase in completed properties and land held for sale and payment of interest, offset to some extent by the net decrease in receivables and increase in payables.

INVESTING ACTIVITIES

Net cash used in investing activities for FY2016 was S$1.4 million, mainly due to the purchase of property, plant and equipment, which included the 11th floor, penthouse and four commercial units of Larmont Hotel Building and Corporate Suites in Sydney. This was offset to some extent by the net repayment of loans receivable from associates, dividend received from our Thai associate and dissolution of our joint development where we exchanged our entitlement in Peak II for our former joint development partner's entitlement in Peak I.

FINANCING ACTIVITIES

In FY2016, net cash of S$10.4 million was generated from financing activities. This was due mainly to the net drawdown of bank borrowings, offset to some extent by the extension of loan to our former joint development partner and the payment of dividends.

As a result of the above cash flow activities, there was a net increase in cash and cash equivalents of S$7.5 million in FY2016, thereby bringing the total cash and cash equivalents amount, excluding fixed deposit pledged, to S$24.3 million as at 31 May 2016. Including fixed deposit pledged, the total cash and cash equivalents as at 31 May 2016 amounted to S$26.4 million.

1. Er. Dr. Lee Bee Wah
2. Mr. Phua Cher Chew
3. Mr. Chin Sek Peng
4. Dato Paduka Timothy Ong Teck Mong
5. Mr. Lim Teck Chai, Danny
6. Dr. Tan Khee Giap
7. Mr. Boon Choon Kiat
8. Ms. Saw Chin Choo

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 Vice-President in 2000. Later she assumed the presidency and was IES 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 the Institution of Engineers Singapore 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 Independent Director with the 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 the Singapore Table Tennis Association (STTA) and Singapore Swimming Association (SSA) since 2014.

BOARD OF DIRECTORS

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.

MR. BOON CHOON KIAT

Non-Executive Director

Mr. Boon Choon Kiat is currently the Managing Director of Chewathai Public Company Limited, which is an Associated Company. He is also the authorised director in the following associated companies: Chewathai Interchange Ltd, Chewathai Hup Soon Ltd, Trans Equatorial Indochina Co., Ltd., Oscar Estate Management Co., Ltd., Oscar Design & Decoration Co., Ltd., Global Environmental Technology Co., Ltd., and Viet-TEE Co., Ltd.

Mr. Boon oversaw the finance function of the Group between May 2012 and June 2015. During the same period, he also managed the Group's businesses in the Indochina region.

Upon joining TEE International in 2000, he has been responsible for our Group's expansion and operations in the Indochina region. He has served as Managing Director in various subsidiaries and associated companies of TEE International.

Before joining TEE International in 2000, Mr. Boon worked as an export manager for Union Sang Thong Parts Co. Ltd, a Thailand manufacturer of auto parts, from June 1998 to April 2000.

Mr. Boon holds a Bachelors of Accountancy (Honours) degree from the Nanyang Technological University and is currently a Chartered Financial Analyst Charter holder and a Chartered Accountant (CA) of Singapore. He is also a member of the Thailand Institute of Directors.

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 has 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.

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.

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.

MR. CHIN SEK PENG

Independent Director

Mr. Chin Sek Peng has over 30 years of audit, accounting and advisory experience and is currently the Deputy Managing Partner and Head of Audit and Assurance Division of PKF-CAP LLP, a firm of Chartered Accountants in Singapore. He is also the co-founding director of PKF-CAP Advisory Partners Pte. Ltd. and PKF-CAP Risk Consulting Pte. Ltd. He also serves as Independent Director to several listed public companies mainly in the capacity as Audit Committee Chairman as well as a member of the Audit Committee of the Council of Private Education.

Mr. Chin worked in Price Waterhouse in UK, Europe and Singapore from 1983 to 1994 before joining the Institute of Singapore Chartered Accountants ("ISCA") as the first Practice Review Director in April 1994 regulating and monitoring the standards and quality of audit work carried out by audit firms in Singapore. In 1999, he joined Arthur Andersen as a partner in its Assurance and Business Advisory division before setting up his own audit and consultancy practices with another partner in 2002.

Mr. Chin holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University, UK and is a Fellow (practising) Chartered Accountant of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Internal Auditors, Singapore and a Council member of ISCA as well as the Chairman of its Public Accounting Practice Committee and a member of ISCA's Senior Quality Assurance Advisor Panel.

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. YAP SHIH CHIA

Chief Operating Officer

Mr. Yap Shih Chia is our Chief Operating Officer and is responsible for overseeing matters relating to corporate finance, administrative, human relations and investor relations, as well as supervising areas pertaining to compliance and corporate governance of our Group. In addition, he is assisting the CEO to chart the forays of the Group into new markets and products.

Prior to joining our Group, he was director, corporate finance and strategy of TEE International from August 2012 to 15 May 2013. He worked as director of international partnerships with the Singapore Cooperation Enterprise from August 2011 to August 2012. From September 2007 to June 2011, he worked as assistant vice president of marketing and business development, listings, at Singapore Exchange Limited (SGX-ST) where he was the country manager for India and Vietnam. He served at International Enterprise Singapore as centre director (Mumbai) and vice consul (Commercial) from July 2004 to August 2007.

Mr. Yap graduated with a Bachelor of Communications (2nd Upper Honours) degree, with a specialisation in Public Relations and Advertising, from Nanyang Technological University and obtained a Masters in Business Administration, with a specialisation in Strategy and Organisation, from the School of Business, National University of Singapore.

Mr. Yap resigned as Chief Operating Officer with effect fom 31 August 2016.

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. MUHAMMAD HAIFAN BIN USALLI

General Manager (Projects)

Mr. Muhammad Haifan Bin Usalli is our General Manager (Projects) and is responsible for overseeing the property development and management matters of our Group.

Prior to joining our Group, he was the general manager (real estate) of TEE International from August 2012 to 15 May 2013. He was the general manager of Warees Investments Pte. Ltd. from June 2003 to July 2012. During his tenure, Mr. Haifan spearheaded the implementation of ISO 9001 for the project management and facilities management business units.

From April 2002 to March 2003, he worked as a senior quantity surveyor at Davis Langdon & Seah Singapore Pte. Ltd. Prior to that, he worked as a partner for Yuan & Dean Quantity Surveying Services from July 2000 to April 2002. He worked as a contract engineer at Sembcorp Construction Pte. Ltd. from January 1995 to July 2000, as an assistant quantity surveyor at Davis Langdon & Seah Pte. Ltd. from January 1991 to February 1993 and a marketing executive at Gunac Enterprises Pte. Ltd. from January 1990 to January 1991.

Mr. Haifan graduated with a Bachelor of Building (Quantity Surveying, First Class Honours) degree from the University of South Australia and obtained a Diploma in Building Services (Engineering) from Ngee Ann Polytechnic. He has also been a member of the Singapore Institute of Surveyors and Valuers since 2002.

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 spearheaded the business development in land acquisition, residential and commercial project marketing and project launches of development for sale in Singapore. She also performs strategic product improvement to new development 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 its shareholders, the financial community and the public. The IR function falls under the office of the Chief Executive Officer, and is assisted by the IR and Communications department of our parent company, TEE International Limited.

Our IR policy ensures fair and open communications with all our stakeholders. We ensure that relevant and material information are disclosed in a clear, concise and consistent manner, in accordance with the listing manual of the SGX-ST, and the Securities and Futures Act. In addition, we have a non-discriminatory and coordinated practice of disclosing information on matters that may influence share price movement to shareholders, members of the financial community, media and the public simultaneously.

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

CORPORATE GOVERNANCE

In support of promoting good corporate governance, 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." In practice, we have already embraced board diversity through the stringent nomination criteria we have put in place in selecting our board members.

ENGAGING STAKEHOLDERS

TEE Land regularly engages financial analysts, existing and potential investors, shareholders and the media through multiple channels, including one-to-one meetings, conference calls, group briefings and investor roadshows. Key Executives are present at such engagements to present TEE Land's financial performance and to discuss its strategies and outlook.

The Annual General Meeting ("AGM") is a way for us to reach out to our shareholders. It is the main platform for the Board of Directors and Key Executives to answer shareholders' questions about the Group. Our Board of Directors, Key Executives and the external auditors are present at the AGM to address any shareholders' concerns with regard to the Group's performance for the year and also to keep them informed about recent developments and projects.

This year, TEE Land held its inaugural Shareholders' Forum in January as a step to further engage shareholders through updating shareholders on TEE Land's Financial Year 2016 Half Year Financial Results and business outlook. The forum served as an alternative platform on top of the Annual General Meeting for management to interact with shareholders and in the process get a better insight of shareholders' perspectives and concerns.

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.

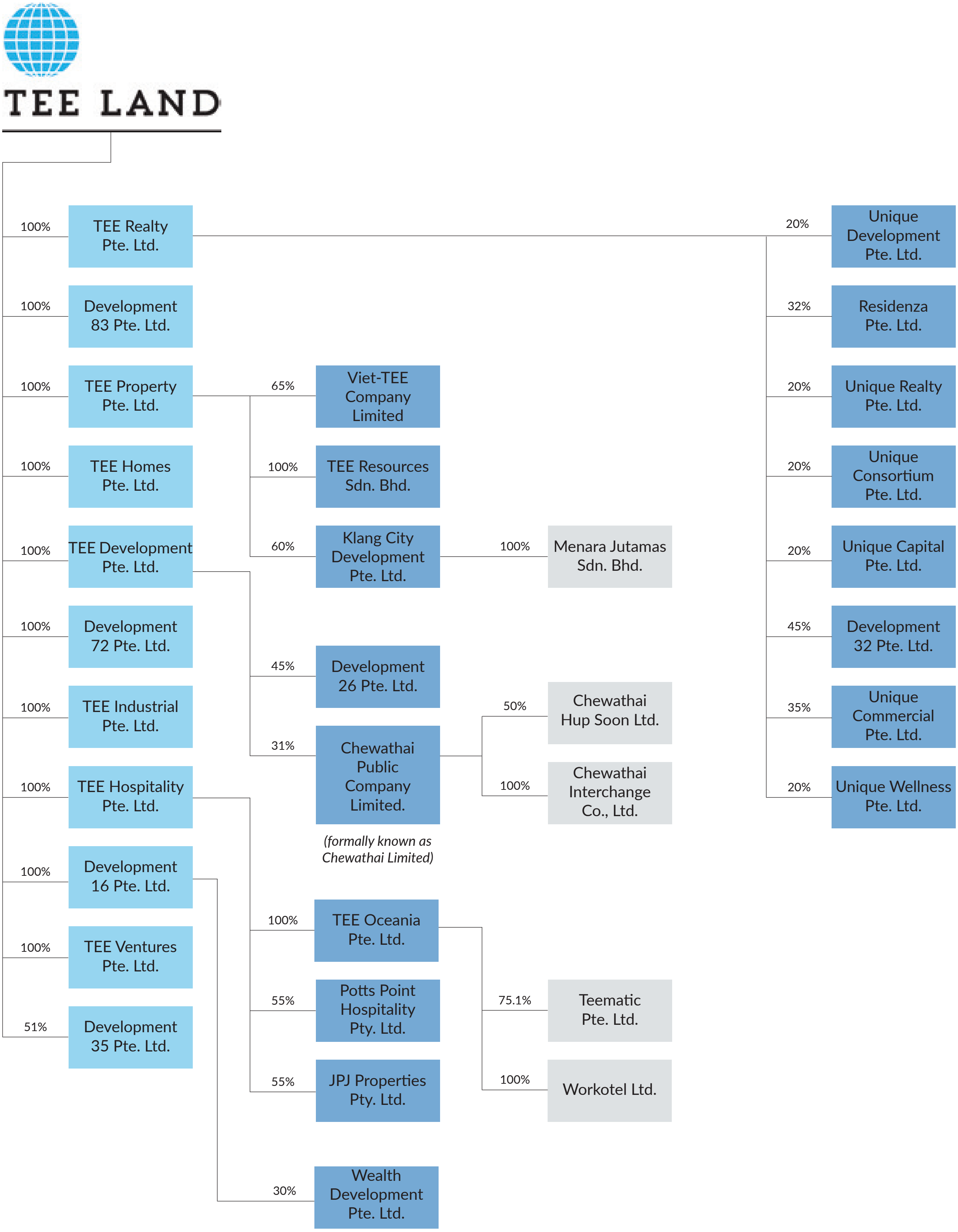
INVESTORS, SHAREHOLDERS AND MEDIA CONTACT

TEE LAND LIMITED
Tel: (65) 6899 1428
Email: ir@teeland.com.sg

MS. CELINE OOI
Manager, Group Investor Relations and Communications
TEE International Limited
Tel: (65) 6697 6589
Email: ir@teeintl.com

IR Calendar	
2016	
Jan	Announcement of Financial Year 2016 Half-Year Results
Apr	Announcement of Financial Year 2016 Third Quarter Results
May	Financial Year End
Jul	Announcement of Financial Year 2016 Full-Year Results
Sept	4th Annual General Meeting
Oct	Announcement of Financial Year 2017 First Quarter Results
2017	
Jan	Announcement of Financial Year 2017 Half-Year Results
Apr	Announcement of Financial Year 2017 Third Quarter Results
May	Financial Year End
Jul	Announcement of Financial Year 2017 Full-Year Results
Sept	5th Annual General Meeting
Oct	Announcement of Financial Year 2018 First Quarter Results

CORPORATE STRUCTURE



SUSTAINABILITY REPORT HIGHLIGHTS

Sustainability is vital to TEE Land's corporate philosophy. We place great importance on sustainability through a strong emphasis on good corporate governance and risk management practices throughout the organisation. TEE Land is committed to integrating sustainability throughout the Group, be it strategic planning, project management, financial management or human resource management.

01

SUSTAINABLE BUSINESS GROWTH

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

02

HUMAN CAPITAL

Our workforce is a valuable asset in TEE Land. We are persistent in our commitment to attract, retain and develop our people by fostering a cohesive and performance-driven work environment. Recognising that leadership renewal and succession planning are key aspects of human resource management that lay the foundation for long-term growth, the Group has a fair system in place for equal opportunities for all employees.

03

CORPORATE SOCIAL RESPONSIBILITY

Our core values drive our passion to contribute positively to the community and make a change to people's lives 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.

In addition, TEE Land sees environmental protection and stewardship as part of our responsibility as a corporate citizen. We value our environment and adopt environmentally-friendly practices.

04

OCCUPATIONAL SAFETY AND HEALTH

The safety and health of our stakeholders – employees, customers and contractors – are imperative for the long-term growth of our business operations. TEE Land prides itself in upholding high standards of safety and health awareness and protocols. Workplace safety practices and health programmes serve to inculcate a sense of responsibility and the right mindset that endorses a safe workplace and healthy lifestyle. Workplace safety practices and health programmes are reviewed on a regular basis to ensure that what has been implemented advocates stringent safety and health standards that we strive for.

SUSTAINABLE BUSINESS GROWTH AND RISK MANAGEMENT

TEE Land strives for sustainable business growth through strict corporate governance compliance and risk management practices. Risk management remains a vital aspect of our business activities and decision-making practices. As such, the Board is committed to instituting and upholding a robust and practical risk management framework.

Effective risk management is essential in today's complex business climate in order to achieve continuous profitable growth. The overt deliberation of risks and risk management procedures are 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, enables the organisation to be vigilant and prepared while managing recognised risks in an efficient and structured manner. The ERM Policy Manual documents TEE Land's strategy and procedure, which has been endorsed by the Board of Directors.

The ERM framework encompasses five correlative constituents: (i) Risk Strategy and Policy, (ii) Risk Management Process, (iii) Organisation Structure, (iv) Culture and People, and (v) Technology and Tools. To constantly improve the Group's management of risk, the ERM framework is regularly reviewed 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 comprises five activities: (i) Determining Context, (ii) Risk Assessment, (iii) Risk Treatment, (iv) Risk Monitoring and (v) Risk Reporting.

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

Qualitative analysis is usually the first phase of TEE Land's Risk Management procedure to identify major risks and obtain a general indication of the risk level. When appropriate, the next phase – more specific and quantitative analysis of risks – will take effect to address the risks.

Short to medium term identified risks that affect the success of TEE Land's business objectives and financial performance are defined and summarised in the TEE Land Risks Register. The risks are then ranked according to their likelihood and consequential impact to TEE Land as a group before being managed and mitigated by the counter measures.

In addition, the Group had also embarked on putting in place a detailed Business Continuity Management Manual that will be completed in FY2017. This will further complement the existing controls and ERM framework of TEE Land.

HUMAN CAPITAL

MANAGING DIVERSITY

TEE Land espouses a diverse workforce, as seen through its employees consisting of a diversity of men and women from distinct culture, different nationalities, diverse backgrounds and various qualifications. The Group ensures that there is no form of discrimination in our employment and career advancement practices.

Workforce Composition	
Average age	37
Nationalities	Singaporean, Malaysian, PRC, Filipino

Statistics on Qualification	
Degree & above	18
Diploma & equivalent	8
Secondary & below	2
Total	**28**

Statistics on Length of Service	
Less than 5 years	20
5 to 10 years	6
More than 10 years	2
Total	**28**

Majority of our employees fall under the category of "Less than 5 years of service" since TEE Land is a young company that has only started expanding its staff numbers in the recent years. Our employees are diverse, coming from three countries- namely Singapore, Malaysia and China - with a wide range of educational levels.

HUMAN CAPITAL

TEE Land fosters a cohesive and inclusive work environment that embraces cultural diversity, where all employees understand and respect various religions and cultures. Such understanding and respect for one another's differences serves to make working in the Group a pleasant experience.

"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 our Resident Technical Officer. With every employee regardless of gender or position receiving regular performance and career development reviews, it shows that TEE Land has a thorough and extensive review system which is applied throughout the Group. It also shows our determination to manage and develop the skills of our human capital within the Group.

Number of employees receiving regular performance and career development reviews, by gender and by employee category	
Female	
Board of Directors - Executive	0
Key Executives	2
Senior Management	0
Junior & Middle Management	4
Administrative & Clerical	10
Total	**16**
Male	
Board of Directors - Executive	1
Key Executives	4
Senior Management	2
Junior & Middle Management	2
Administrative & Clerical	2
Site Operations	1
Total	**12**

EMPLOYEE DEVELOPMENT

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

TEE Land has development programmes in place to engage promising employees. We endeavour to push our people to achieve their maximum potential through fair selection for training and development programmes based on their strengths and requirements. Staff undergo a range of training programmes on themes such as finance, risk and leadership. Workers attend courses relating to occupational safety, technical skills upgrade and construction supervision. Such training programmes aim to help employees perform their roles effectively and efficiently.

In the past year, a total of 328 training hours was dedicated to identifying, aligning and enhancing the skills of our employees reflects our commitment and philosophy towards nurturing our employees. Employees of most levels and positions received training. More female employees compared to male employees received training, which corresponds with TEE Land having more female employees. Knowing that we have to keep our workforce in its best condition, we will continue such training and development programmes.

Average hours of training per year per employee by gender, and by employee category	Average Training Hours
Male Employees	7
Female Employees	11

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

> “ON TOP OF ENCOURAGING A HEALTHY MIND AND BODY, WE HAVE STAFF APPRECIATION AND STAFF BONDING ACTIVITIES TO STRENGTHEN INTERPERSONAL RELATIONS AMONG OUR EMPLOYEES.”

HEALTH AND WELLNESS OF EMPLOYEES

In TEE Land, we care about the well-being of our employees through a variety of activities and initiatives such as bowling competitions.

To encourage employees to exercise, exercise sessions such as circuit training and Zumba were organised after working hours. Weekly runs are held while employees are encouraged to participate in local and overseas running events. To complement these exercise activities, a 12-week Weight Management Programme comprising workshops was organised to help employees identify triggers of unhealthy lifestyle and promote healthy eating, meal and exercise planning, and proper weight management.

On top of encouraging a healthy mind and body, we have staff appreciation and staff bonding activities to strengthen interpersonal relations among our employees. The “Share A Meal” programme, in which subsidised buffet lunch is catered and served in the office on Mondays to Wednesdays, is a good example of an initiative that encourages employee interactions. The Group also organises Family Days during public holidays so that staff can bond with one another while spending time with their families over fun-filled activities. In light of our diverse workforce, the Group holds celebratory activities pertaining to the different races and religions. 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

ACTIVITIES AT VILLA FRANCIS

July
2015
Durian Feast and Birthday Celebration

September
2015
Mid-Autumn Festival

December
2015
Year-end Party

February
2016
Chinese New Year Celebration

CORPORATE SOCIAL RESPONSIBILITY

TEE Land's ingrained core values and philosophy spur our commitment to Corporate Social Responsibility ("CSR") where we strive to be part of a positive change as we serve the community. The Group encourages the spirit of volunteerism and this translates into the community service activities held on a regular basis.

In July 2015, TEE Land organised a durian feast for residents at Villa Francis, as well as a birthday celebration for residents born in the month of July. In light of the Mid-Autumn festival symbolising reunion, we spent time interacting with residents over mooncakes in September 2015. In December 2015, we held a year-end party with residents in which presents were prepared and given out to celebrate the Christmas spirit of joy and giving. Most recently in February 2016, TEE Land celebrated the Lunar New year with residents, where red packets were distributed to symbolise good fortune and happiness.

ENVIRONMENTAL AWARENESS

TEE Land is aware of the impact we have on the environment. Therefore, we place measures to protect and sustain the environment we work in. We conduct all aspects of our business in a manner that ensures compliance with environmental law. As we believe in environmental protection and stewardship, all employees undergo environmentally-friendly measures courses and trainings. Employees are encouraged to put their newfound knowledge to good use in their respective departments to foster awareness and responsibility.

Pollution prevention and resource conservation are essential towards a sustainable environment. TEE Land has implemented several "green" initiatives from paper recycling, circulating "Go Green" awareness emails to conserving energy. Employees are educated on the rationale and methods of saving energy through emails that are sent out at regular intervals.

In conjunction with the programmes in place, we make an effort to constantly remind employees to save electricity through the placement of posters beside power switches. In addition, we minimise electrical wastage by equipping our office with light sensors at strategic locations. There is also a TEE Land "Go Green Committee" that pushes us towards our goal of providing a pollution-free conducive working environment that complies with applicable environmental standards and other requirements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr. Phua Cher Chew
Executive Director and CEO

Mr. Boon Choon Kiat
Non-Executive Director

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
TEE Building
25 Bukit Batok Street 22
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

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Audit Partner-in-charge:
Mr. Loi Chee Keong
(Appointed with effect from FY2013)

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
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE AT A GLANCE

Governance	Implemented and Presented in Annual Report
BOARD'S CONDUCT OF AFFAIRS	
Board size • Comprises eight (8) members	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
Limits of number of directorships • Should not exceed six (6)	Guideline 4.4
Board and individual Director appraisal • Formal process with specific criteria	Guideline 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, 1.7
Board's approval for matters including material transactions • Clear specification of matters to be approved by 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 fees • Framework is clearly specified	Guideline 7.2
Remuneration structure of Executive Director & top 4 executives • Comprises fixed and variable components	Guideline 8.1
Disclosure of remuneration of Directors & top 4 executives • Disclosure in bands	Guidelines 9.2, 9.3

Governance	Implemented and Presented in Annual Report
Disclosure of employee related to Directors/CEO • No employee related to Directors/CEO	Guideline 9.4
ACCOUNTABILITY AND AUDIT	
Audit committee • Comprise entirely independent directors	Guideline 12.1
Competencies of audit committee • AC members have applicable 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 • AC reviews IA effectiveness annually	Guidelines 13.1, 13.2, 13.3, 13.4, 13.5
Independence of external auditors • Deemed independent • Breakdown of fees	Guideline 12.6
Compliance with legislative and regulatory requirements • Details on compliance practices	Guideline 10.2
Whistle-blowing policy • Details of policy	Guideline 12.7
COMMUNICATION WITH SHAREHOLDERS	
Timely disclosure of financial results • Fair and timely disclosure through appropriate channels	Guideline 15.2
Corporate website & SGXNet • Investor relations policy 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 and Shareholders' Forum	Guideline 15.4
Shareholder participation • Voting at general meetings • Proxies	Guidelines 14.2, 14.3, 15.3, 16.5
Dividend policy • No dividend policy	Guideline 15.5
ADDITIONAL GOVERNANCE PRACTICES	
Dealings in securities • Details on internal compliance code	Dealing in Securities
Interested person transactions • Details on internal policy	Interested Person Transactions ("IPT")
Material contracts • Details on material contracts	Material Contracts

Corporate Governance Practices

The Board of Directors and Management of TEE Land firmly believe that a genuine commitment to high standards of corporate governance translates to business and performance sustainability, as well as safeguards shareholders' interests and maximise long-term shareholder value. TEE Land is committed to the highest standards of corporate governance, business integrity and professionalism in all its business operations, with the adoption of a set of internal guidelines on corporate governance based on the Code of Corporate Governance 2012 ("2012 Code"). The Company is compliant with the principles and guidelines recommended in the 2012 Code unless otherwise specified and explained, and will continue to further review its corporate governance practices to be aligned with the recommendations under the 2012 Code where appropriate.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Guideline 1.1: Board's Role

The Board's main objective is to maximise long-term shareholders' value and protect the Company's assets. Through its leadership and guidance, the Board oversees the effectiveness of Management as well as the corporate governance practices of the Company, while ensuring the presence of necessary financial and human resources for the Company to meet its objectives.

Guideline 1.2: Objective Directors

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

Guideline 1.3: Delegation of Authority to Board Committees

Various board committees, specifically the Audit, Nominating, Remuneration and Strategic Advisory Committees, have been constituted with clear written terms of reference to assist the Board in executing its oversight function and responsibilities. All Board Committees are actively engaged and play a significant role in ensuring good corporate governance in the Company and within the Group. The Company has established financial authority and approval guidelines for investments, divestments, loans and other capital investments.

In FY2016, the EXCO was transformed to the Strategic Advisory Committee (SAC) to provide key advisory support on the development of the Group's overall strategy, review strategic issues, approve acquisitions, investments and divestments, and evaluate and approve capital and operating expenditures. The SAC comprises three members, namely Mr. Phua Chian Kin (Chairman), Mr. Lim Teck Chai, Danny, and Dr. Tan Khee Giap. Within the boundaries of authority delegated by the Board, the SAC reviews and approves feasibility studies for real estate acquisitions, strategic investments and divestments, as well as award of contracts and procurement of services related to real estate developments, capital and operating expenditures.

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

All Board and Board Committee meetings and the Annual General Meeting ("AGM") are scheduled after consultation with the Board. The Board meets at least four times year at regular intervals. Aside from the scheduled meetings, ad-hoc meetings are convened when warranted by matters requiring the Board's attention. The Company's constitution provides for meetings to be held via tele-conference, video conference, audio or other similar communications equipment.

Four Board meetings were held in FY2016. A table showing the attendance record of directors at Board and Board Committee meetings during FY2016 is set out as follows.

Attendance Record of Meetings of the Board and Board Committees in FY2016

	Board	Audit Committee	Strategic Advisory Committee	Nominating Committee	Remuneration Committee
No. of Meetings Held	4	4	1	1	1
Members					
Er. Dr. Lee Bee Wah	4/4	4/4	-	1/1	-
Mr. Chin Sek Peng	4/4	4/4	-	1/1	1/1
Dr. Tan Khee Giap	3/4	3/4	1/1	-	1/1
Mr. Lim Teck Chai, Danny	4/4	4/4	1/1	-	-
Dato Paduka Timothy Ong Teck Mong [1]	4/4	4/4	-	-	-
Ms. Saw Chin Choo [2]	4/4	4/4	-	-	1/1
Mr. Phua Cher Chew [3]	4/4	4/4	-	1/1	1/1
Mr. Boon Choon Kiat [4]	4/4	4/4	-	-	-
Mr. Phua Chian Kin [5]	-	-	1/1	-	-

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.
5. Mr. Phua Chian Kin is not a director of the Company. He was appointed as Chairman of the Strategic Advisory Committee with effect from 1 March 2016.

Guideline 1.5: Matters for Board Approval

The key roles of the Board and matters which require 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

(c) Setting the Company'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 Company in accordance with the policies and strategy set by the Board.

Guidelines 1.6 & 1.7: Director Orientation & Training

With the appointment of every new director, a formal letter of appointment is issued to the respective individual. New directors will be advised on their duties and responsibilities upon appointment. Appropriate orientation programmes and briefings by the management are given to new directors to ensure familiarity in the business activities of the Group, its strategic directions, and the Company's corporate governance policies and practices. All directors are updated on a regular basis on accounting and regulatory changes, and are also given further appropriate training periodically. In FY2016, the directors collectively attended 25 training and update sessions, which include Singapore Institute of Directors ("SID") Listed Company Director ("LCD") and Effective Board Leadership ("EBL") modules such as "Understanding the Regulatory Environment in Singapore" and "Investor and Media Relations".

In the past year, apart from attending SID courses, the directors have attended various programmes such as in-house training on Risk Enterprise Management, the ASEAN Corporate Governance Scorecard Briefing, Cross Border Tax Ramifications and Remedies, and Financial Reporting Standards Updates. Attendance to such training session help enhance the performance of the directors in terms of corporate governance and sustainability.

Leading the Company is the Board, of which 50% comprises independent non-executive directors. Each director brings to the Board skills, experience, insights and sound judgement, which together with strategic networking relationships, serve to further the interests of the Group. The directors consistently assume the responsibility to act with integrity and diligence collectively and individually, taking into consideration the best interests of the Company.

Principle 2: Board Composition and Guidance

The Board must be an effective board capable of leading and controlling the business of the Group in order to perform its oversight responsibilities. The directors believe that, taking into consideration the wide ranging geographical locations that the Company is operating in, the Board should comprise executive director with in-depth knowledge of the business, and non-executive, as well as, independent directors who can take a broader perspective of the Group's activities and bring independent judgement to bear on issues for the Board's deliberation.

Guideline 2.1: Strong and Independent Board

In accordance to the recommendations of the 2012 Code in which at least one-third of the Board should consist of independent directors, the Board comprises eight directors, of whom four are independent directors, three are non-executive directors and one is an executive director. Independence has been determined by the Nominating Committee ("NC").

In addition, 25% of the Board encompasses female directors, which enables the Board to jointly exercise objective judgement on corporate affairs through robust and balanced discussions. Non-executive directors also participate actively in constructive discussions with the management to develop strategic plans and conduct performance reviews of the management.

Guideline 2.2: Independent Directors Composition

As per the 2012 Code, it is recommended that independent directors should make up half the Board 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, the Executive Director and CEO of TEE Land, are not immediate family members. The Chairman is also not part of the management team and is an independent director. Despite the absence of the need to adhere to the recommended quantity of independent directors, half of the Board consists of independent directors. Thus, the Board has exceeded independence requirements.

Guideline 2.3: Board Independence

The NC performs an annual review of the directors' independence in accordance with the 2012 Code's definition of independence. In relation to this, the NC takes into account, among other things, whether a director has business relationships with the Company or any of its related companies, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgement with a view to the best interests of the Company.

The NC noted that LBW Consultants LLP is one of the consultancy firms providing civil and structural engineering consultant services to TEE Land group of companies and our joint ventures. Er. Dr. Lee Bee Wah is the Group Director of Meinhardt (Singapore) Pte. Ltd., which is the parent of LBW Consultants LLP. As the tenders/quotations were called/obtained for the provision of civil and structural engineering consultancy services for our property development projects, the consultancy fees charged were on an arm's length basis. In addition, the aggregate sum of estimated payments to be made to LBW Consultants LLP, based on the relevant shareholding proportion held by the Company in the respective Subsidiaries and Associated Companies, would amount to less than $100,000 for each financial year. Save for the provision of civil and structural engineering consultant services to the Group, Er. Dr. Lee Bee Wah has no other business relationship with the Group.

In addition, the NC noted that Rajah and Tann Singapore LLP, of which Mr. Lim Teck Chai, Danny is an equity partner of, was engaged to provide advisory services pertaining to specific projects. The consultancy fees were charged on 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 and Associated Companies, would amount to less than $100,000 for each financial year.

In view of the above, the NC is of the firm view that Er. Dr. Lee Bee Wah and Mr. Lim Teck Chai are deemed independent. Er. Dr. Lee has abstained from attending meetings relating to, and voting on any board resolutions that relate to the selection and/or engagement of civil and/or structural engineering consultants by the Group where Meinhardt (Singapore) Pte. Ltd. and/or LBW Consultants LLP has submitted a tender/quotation for the relevant property development projects. 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 will review the composition and size of the Board, each Board Committee and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills and experience. Core competencies include banking, finance, accounting, business acumen, management experience, real estate related industry knowledge, familiarity with regulatory and compliance requirements and knowledge of risk management. The Board collectively has professional expertise in engineering, finance, accounting, economics, legal and real estate development.

Guidelines 2.7 & 2.8: Role of Non-Executive Directors & 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's performance in meeting goals that have been agreed on. 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 check 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 Chairman and CEO are separate to ensure a clear distinction of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The chairman is not related to the CEO. The division of responsibilities and functions between the two has been established through Board's consensus.

Guideline 3.2: Role of Chairman

In her role as Chairman, Er. Dr. Lee Bee Wah leads the Board and oversees the translation of the Board's decisions and strategic directions into executive action. She approves the agendas for Board meetings and ensures adequate allocation of time for comprehensive discussion of each agenda item. She promotes an open environment for debate and ensures that non-executive directors are able to contribute effectively and meaningfully through free speech. She exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and management. In addition, she provides close oversight, guidance, advice and leadership to the CEO and management.

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and productive Board discussions, executes the agreed strategy. He manages and develops the Group's businesses and implements the Board's decisions.

At AGMs and other shareholders' meetings, the Chairman chair the meetings while ensuring constructive dialogue between shareholders, the Board and management.

Guidelines 3.3 & 3.4: Appointment of Lead Independent Director

Based on the 2012 Code, it is recommended that each company appoints an independent director to be the Lead Independent Director 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 and/or the Chairman is not an independent director. As it has been established that the Chairman and CEO do not meet any of these criteria, it has been agreed upon that no Lead Independent Director will be appointed.

Principle 4: Board Membership

Guideline 4.1: Nominating Committee

The NC has the key responsibilities of making recommendations to the Board on all Board appointments 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 the maintenance of diversity of skills and experience within the Board and Board Committees.

Currently, the NC is made up of two independent directors ("IDs"), namely Er. Dr. Lee Bee Wah (Chairman) and Mr. Chin Sek Peng, and the Executive Director and CEO, Mr. Phua Cher Chew.

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 appointment and re-appointment of directors;
(2) Regularly review the Board structure, size and composition and make recommendations to the Board on any adjustments that are deemed necessary;
(3) Perform annual review of independence of each director, and to ensure that the Board comprises at least one-third IDs. In this connection, the NC would conduct particularly rigorous review of 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 listed company board representations and/or principal commitments, whether or not 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 to the Board the evaluation process for Board performance, the Board Committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole;
(6) Perform annual assessment of the effectiveness of the Board as a whole;
(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

At 31 May 2016, the composition of the Board is 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	- Koh Brothers Group Limited
Mr. Phua Cher Chew	Non-Executive Director and CEO	18 December 2012	25 September 2014	- Chewathai Public Company Limited
Mr. Boon Choon Kiat	Non-Executive Director	15 May 2013	25 September 2014	- Chewathai Public Company Limited
Ms. Saw Chin Choo	Non-Executive Director	18 December 2012	25 September 2014	- TEE International Limited
Dato Paduka Timothy Ong Teck Mong	Non-Executive Director	15 May 2013	26 September 2013	- PHINMA Inc - YOMA Strategic Holdings Ltd

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
Dr. Tan Khee Giap	Independent Director	15 May 2013	26 September 2013	- Artvision Technologies Limited - Breadtalk Group Limited - Forterra Real Estate Pte. Ltd. (Trustee-Manager for Forterra Trust) - Boustead Projects Limited
Mr. Chin Sek Peng	Independent Director	15 May 2013	29 September 2015	- Sunpower Group Ltd - Cortina Holdings Limited - Sitra Holdings (International) Limited
Mr. Lim Teck Chai, Danny	Independent Director	15 May 2013	29 September 2015	- UG Healthcare Corporation Limited - China Star Food Group Limited (fka Brooke Asia Limited)

Guideline 4.4: Listed Company Board Representations and Other Principal Commitments

The maximum number of listed Board representations as determined by the NC and concurred by the Board for each director should not exceed six (6). Any additional appointment beyond the recommended number ("6") would be reviewed by the NC to determine if that director is able to and has been adequately carrying out his 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 IDs in accordance with the 2012 Code's definition of independence, the NC is of the opinion that all four IDs 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-appointment of Ms. Saw Chin Choo, Dato Paduka Timothy Ong Teck Mong and Dr. Tan Khee Giap 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 Alternative Directors

In accordance with Guideline 4.5 of the 2012 Code, no alternate directors were appointed. It is noted that no IDs have served on the Board beyond nine (9) years from the date of his first appointment.

Guideline 4.6: Selection and Appointment of Directors

As TEE Land was only listed on SGX-ST in June 2013, the NC is of the opinion that there is no immediate need to have a succession plan at the present moment, particularly for the Board Chairman and CEO. As a young listed company, leadership continuity and stability at the Board level is imperative for the initial years.

Nevertheless, the importance of proper succession planning is that it ensures continuous and effective stewardship of the Company. In recognition of this, the NC has been tasked to review the Company's succession plans in the coming year to ensure the progressive renewal of the Board, including the Chairman and the CEO. The CEO has also been tasked to identify and groom suitable candidates for the CEO and senior management positions as part of the Company's succession planning at the management level.

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 39 and 40 (under Guidelines 4.2 & 4.3) and the Board of Directors section of the annual report.

Principle 5: Board Performance

Guideline 5.1: Process for Evaluating Board Performance

The Board has concurred on the formal processes for assessing Board effectiveness as a whole and the contribution of each respective Board Committees – Audit Committee ("ÄC"), NC and Remuneration Committee ("RC"). The members of Board and Board Committees are assessed collectively on an annual basis. Performance evaluation for the Board and respective Board Committees were carried out in FY2016.

No external facilitator was used by the Board for this performance evaluation exercise. A questionnaire was utilised in the review of performance, of which the resulting findings and observations were discussed by the NC and shared with the Board.

Guideline 5.2: Criteria for Performance Evaluation

The NC has decided on objective and stringent performance evaluation criteria that has been approved by the Board. It allows for comparison with industry peers and ensures that the Board remains on task to enhance long-term shareholder value. These criteria are only reviewed for change when circumstances deem it necessary.

Principle 6: Access to Information

Guidelines 6.1 & 6.2: Timely Access and Provisional of Information

Management recognises the importance of a complete, adequate, timely and constant flow of information to the Board for the efficient and effective fulfilment of its duties. In order to provide sufficient lead time for directors to prepare for meetings, all scheduled Board and Board Committee papers are distributed at least three (3) working days in advance of any meeting to directors. This enables a more productive discussion during the meeting, with the focal point being queries that directors may have. Any additional material or information requested by the directors is promptly furnished.

Management's proposals subjected to Board's approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, expected outcomes, conclusions and recommendations. Employees, who can provide additional insight into matters to be discussed, will be present at the relevant time during the Board and Board Committees meeting.

Guideline 6.3: Access to Company Secretary

The directors are provided with the names of the Company's senior management and the Company Secretaries to facilitate direct access to these personnel.

The Company Secretaries administer, attend and prepare minutes of Board proceedings. Their role includes, *inter alia*, assisting the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and 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.

In addition, the Company Secretaries assist the Chairman to ensure timely and good information flow to the Board and Board Committees, and between senior management and the non-executive directors, while advise the Board on corporate governance best practices as well.

Guideline 6.4: Appointment and Removal of Company Secretary

In the case where the Company Secretary has to be removed and a new Company Secretary has to be appointed, the Board will be involved in both the removal and appointment processes.

Guideline 6.5: Access to Independent Professional Advice

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1: Composition of Remuneration Committee

The RC comprises three non-executive directors, two of which (including the Chairman) are independent, namely Dr. Tan Khee Giap (Chairman) and Mr. Chin Sek Peng, and Ms. Saw Chin Choo who is the Non-Executive Non-Independent Director. With the majority of the RC being independent, it minimises the risks of potential conflict of interests.

Guideline 7.2: Remuneration Framework

The key responsibility of the RC is to ensure that the process of developing the executive remuneration policy and the determination of individual directors' and key management personnel's remuneration packages is carried out formally and in a transparent manner. In line with talent retention purposes, the RC assists the Board to ensure that remuneration policies and practices assist in staff retention and motivation to perform, without being excessive to maximise shareholder value.

The RC recommends to the Board for endorsement a framework of remuneration and terms of employment (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and share options, and benefits in kind) and the specific remuneration packages for each director, the key management personnel and employees related to directors or, substantial shareholders of the Group (if any).

Guideline 7.3: Expert Advice on Remuneration

If necessary, the RC will seek expert advice internally and externally on remuneration of all directors. No remuneration consultants have been utilised in the recent exercise to determine the remuneration of the directors for FY2016.

Guideline 7.4: Termination of Contracts of Service

In preparation for the event of termination of executive directors' and key management personnel's contract of service, the RC reviews such contracts of service and institutes safeguards for fair and reasonable termination clauses which are not overly generous.

Principle 8: Level and Mix of Remuneration

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

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, Company's, business unit's and individual employee's performance. In designing the compensation structure, the RC will seek to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long term compensation and between cash versus equity incentive compensation. The total remuneration mix available comprises three key components; that is, annual fixed cash, annual performance-related variable component, and the TEE Land Employee Share Option Scheme ("TEE Land ESOS") and the TEE Land Performance Share Plan ("TEE Land PSP") plans.

Guideline 8.2: Long-term Incentive Schemes

The RC administers the TEE Land ESOS and the TEE Land PSP as the long-term incentive component of remuneration structure. The performance-related elements of remuneration are designed to align interests of executive directors and staff with those of shareholders and link rewards to corporate and individual performance. 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

The Board recommends a fixed fee for the effort, time spent, and responsibilities for each of the independent and non-executive directors. The chairmans of the Board and the various Committees are remunerated with higher directors' fees, which corresponds with the higher level of responsibility. Executive directors and the Nominee Director from TEE International (the Parent) will receive a relatively lower rate of directors' fees compared to the independent and non-executive directors.

TEE Land will be seeking shareholders' approval to pay the directors' fees on a current year basis, at the AGM. Hence, TEE Land will pay all the directors on a six (6) monthly basis in arrears. Overseas directors are reimbursed for out-of-pocket travelling and accommodation expenses in Singapore.

Principle 9: Disclosure on Remuneration

Guideline 9.1: Report on Remuneration

The RC exercises comprehensive discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The RC will also ensure that the overall level of remuneration does not promote behaviours contrary to the Group's risk profile. The total directors' fees for FY2016 which was approved in the AGM in September 2015 amounted to S$297,300.

Guideline 9.2: Directors' Remuneration

Taking note of the competitive pressures in the labour market, the Board has, on review, decided not to fully disclose the remuneration of the Company's directors. However, remuneration has been disclosed in bands, broken down to the variable remuneration components.

Remuneration Bands & Name of Director of the Company	Directors' Fees [1] %	Attendance Fees %	Salaries %	Bonuses [2] %
Above S$500,000 to below S$750,000				
Mr. Phua Cher Chew	2.6	2.3	60.6	34.5
S$250,000 to below S$500,000				
Mr. Boon Choon Kiat	3.1	1.7	69.8	25.4
Below S$100,000				
Er. Dr. Lee Bee Wah	91.2	8.8	-	-
Ms. Saw Chin Choo	60.0	40.0	-	-
Dato Paduka Timothy Ong Teck Mong	88.2	11.8	-	-
Dr. Tan Khee Giap	90.6	9.4	-	-
Mr. Chin Sek Peng	89.8	10.2	-	-
Mr. Lim Teck Chai, Danny	86.1	13.9	-	-

Notes:

1 The Directors' fees for FY2016.

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

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	FY2016
S$250,000 to below S$500,000	1
S$100,000 to below S$250,000	3

Taking into consideration the highly competitive business environment, the nature of the industry, and the confidentiality of the Company's remuneration policies, the Company 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 Company and may adversely affect talent attraction and retention. Besides the one executive director, the Company only has four (4) other key management personnel, namely Mr. Yap Shih Chia, Mr. David Ng Tah Wee, Mr. Muhammad Haifan Bin Usalli and Ms. Fanny Cheng Hui Fen.

For FY2016, the aggregate total remuneration paid to the key management personnel, excluding the executive director, is S$840,530.

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 2016. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

Guidelines 9.5 & 9.6: Employee Share Schemes

Our Company recognises that human capital, through the contributions and continued dedication of our employees and non-executive directors, are vital to the future growth and development of our Group. The TEE Land PSP is a share-based incentive that will complement the TEE Land ESOS and form an integral part of our incentive compensation programme. The rationale for having the TEE Land PSP in addition to the TEE Land ESOS is to give us greater flexibility in structuring market competitive compensation packages of eligible participants and to provide an added incentive to motivate and retain staff members.

Unlike the options that could be granted under the TEE Land ESOS, the TEE Land PSP is designed to reward the participants 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 vest only upon the fulfilment of the prescribed service conditions as may be decided by the Company at the relevant point in time and/or according to the extent to which participants achieve their performance targets over set performance periods, as determined by the RC administering the TEE Land PSP. The performance targets set are based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. At the present moment, the TEE Land PSP is primarily targeted at executives in key positions who are able to drive our growth through innovation, creativity and superior performance.

In the PSP awards selection process, the RC administering the TEE Land PSP will also consider 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 the TEE Land ESOS will be subject to the existing maximum limit of 15% of our Company's total issued share capital (excluding treasury shares).

The TEE Land ESOS, if awarded, will provide eligible participants 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 2016, no option has been granted under the TEE Land ESOS and no shares have been awarded under the TEE Land PSP.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Guideline 10.1: Provision of Balanced and Comprehensible Company Performance Assessment

The Board provides shareholders with the Company's quarterly financial results and annual financial reports. Results for the first three quarters are released to shareholders no later than 45 days from the end of the 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 balanced and clear assessment of TEE Land's position and prospects.

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via the SGXNet, press releases, the Company's website, 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 quarterly results announcements, the Board provides a negative assurance confirmation to shareholders, in line with 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 compliant with the minimum requirements as stated in the Listing Regulations.

Principle 11: Risk Management and Internal Controls

Guideline 11.1: Risk Management and Internal Control Systems

The Company has in place an Enterprise Risk Management ("ERM") Framework which was established since FY2014, to facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Group and assessments are made on the adequacy and effectiveness of the Group's risk management system in managing each of these key risk areas. The framework is reviewed regularly taking into account changes in the business and operating environments, as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of the Group over a short to medium term are summarised in the Group Risks Register and ranked according to their likelihood and financial impact to the Group as a whole. The identified risks are then being managed and mitigated by the counter measures.

The ERM Framework expands on existing internal controls, providing a more robust and extensive focus on the broader subject of enterprise risk management. The ERM Framework is not intended to and does not replace the internal control framework, but rather incorporates the internal control framework within it. As such, we are able to leverage on the ERM Framework to satisfy internal control needs and to move towards a more complete risk management process.

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

The ERM system is an essential part of the Company's business planning and monitoring process. Management reports to the Board annually on the Group's risk profile, evaluates results and provides measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned. Through this annual exercise, it ensures that the risk management and internal control systems in place remain relevant.

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 ensure that the Group has the capabilities to manage and control the risks in new and existing businesses.

During FY2016, 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 the Group's financial, human resources, operational, compliance and relevant communications as parts of their audits.

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 Company'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 AC and the Board are of the opinion that TEE Land's risk management and internal control systems, addressing key financial, operational, compliance, information technology and risk management objectives, and which TEE Land considers relevant and material to its operations were adequate and effective to meet the needs of TEE Land in its business environment during FY2016.

Guideline 11.4: Risk Committee

Taking into consideration the Company's business operation as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required at the present moment. Instead, the oversight of risk management framework and policies is incorporated into the functions of the Audit Committee.

Principle 12: Audit Committee

Guideline 12.1: Audit Committee Membership

The AC comprises entirely of independent directors, namely, Mr. Chin Sek Peng (Chairman), Er. Dr. Lee Bee Wah, Dr. Tan Khee Giap and Mr. Lim Teck Chai, Danny. The AC's primary role is to investigate any matter within its Terms of Reference ("TOR").

Guideline 12.2: AC Members Expertise

Based on Mr. Chin Sek Peng's extensive and practical financial management and accounting knowledge and experience, the Board concludes that he is well qualified to chair the AC. Both Er. Dr. Lee Bee Wah and Dr. Tan Khee Giap have practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies on SGX. Mr. Lim Teck Chai, Danny is well versed in the compliance requirements of SGX and MAS stemming from his current role as Partner in Rajah & Tann Singapore LLP with 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 its meetings. The AC has adequate resources, including access to external consultants and auditor, to enable it to discharge its responsibilities properly.

Guideline 12.4: Duties and Responsibilities of AC

The AC meets on a quarterly basis to review the integrity of the financial information including the relevance and consistency of the accounting principles adopted. The AC reviews and recommends the financial results and corresponding SGXNet announcements to the Board for approval. The AC reviews and assesses the adequacy and effectiveness of TEE Land's system of internal controls and regulatory compliance through discussions with management and the auditors.

In the review of the financial statements for the financial year ended 31 May 2016, the AC had a discussion with the Management and the external auditor on the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC recommended to the Board the release of the full-year financial statements.

In addition, the AC reviews the internal auditor's and external auditor's scope of work to ensure that they are sufficient to address the key risks of the Group. All audit findings and recommendations put up by both the internal and external auditors are provided to the AC for discussion at the AC meetings. The cost effectiveness of the audit, and the independence and objectivity of the external auditor are also reviewed. The AC also reviews the nature, extent and costs of non-audit services provided by the external auditor, seeking to balance objectivity and independence of the external auditor.

On a quarterly basis, management will report to the AC the interested person transactions ("IPTs") in accordance with the Company's review guidelines on IPT. All findings are reported during AC meetings.

The AC recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The re-appointment of the external auditor is always subject to shareholders' approval at the Company's AGM.

Guideline 12.5: External and Internal Auditors

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

Guideline 12.6: Independence of External Auditors

The AC considered the adequacy of the resources and experience of the external auditor and the audit engagement partner assigned to the audit, 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 an appropriate auditing firm has been appointed to meet the Group's auditing obligation. Deloitte & Touche LLP has also confirmed that it is registered with the Accounting and Corporate Regulatory Authority.

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

The Company engages different audit firms for its foreign incorporated subsidiaries and associated companies. The Board and AC have reviewed the appointment of these audit firms and are of the opinion that the appointments of these other audit firms do not compromise the standard and effectiveness of the audit of the Company.

Therefore, the Company is compliant with Rules 712, 715 and 716 of the Listing Manual. Accordingly, the AC has recommended the re-appointment of Deloitte & Touche LLP as the Company's external auditor at the forthcoming AGM.

The details of the fees of the auditors of the Company during FY2016 are set out as follows:

Fees on Audit Services to Independent Auditor:	**S$'000 2016**	**S$'000 2015**
- Company's Independent Auditor	177	175
- Other Independent Auditor	139	106
Total	316	281
Fees for Provision of Tax Services by Independent Auditor:		
- Company's Independent Auditor	38	33
Total	38	33

Guideline 12.7: Whistle-blowing Policy

TEE Land has instituted a whistleblowing policy that encourages employees and vendors to report malpractices and misconduct in the workplace. TEE Land will protect employees who have acted in good faith from victimisation and harassment by their colleagues. TEE Land will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured.

The policy allows a single, confidential line to report concerns about possible improprieties to the AC Chairman in good faith and in confidence. The policy defines the processes clearly to ensure independent investigation of such matters and appropriate follow-up action, and provides assurance that staff will be protected from reprisals. The whistle-blowing policy has been made available at TEE Land's website at www.teeland.com.sg.

There have been no established incidents pertaining to whistle-blowing for FY2016.

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 Deloitte & Touche LLP acting as a member of the AC.

Principle 13: Internal Audit

Guidelines 13.1 & 13.2: Internal Auditor

TEE Land currently outsources the internal audit function. Outsourcing this function ensures the avoidance of doubt.

On an annual basis, the internal auditor prepares and executes a risk-based audit plan to review the adequacy and effectiveness of the system of internal controls of the Group. These include operational, financial, information technology and compliance controls. The internal auditor has access to all necessary company documents, records, properties and personnel, including the AC.

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

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

The AC reviews the internal audit function on an annual basis. The general consensus of the AC with regards to the internal auditor is that it functions adequately and effectively according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Guideline 14.1: Information to Shareholders

TEE Land Group's corporate governance practices promote the fair and impartial treatment of all shareholders. To facilitate shareholders' ownership rights, TEE Land ensures that all material information are disclosed on a comprehensive, accurate and timely basis via SGXNet. TEE Land ensures that sufficient information is provided as it recognises that the release of timely and relevant information is essential to good corporate governance and enables shareholders to make informed decisions pertaining 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 allow 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

Due to the Singapore Companies Act amendments which took effect from 3 January 2016, nominee companies are allowed to appoint more than two proxies so that shareholders who hold shares through such nominee companies can attend and participate in general meetings as proxies.

Principle 15: Communication with Shareholders

Guideline 15.1: Investor Relations Policy

The Group has an investor relations team ("IR") who manages communications with all stakeholders and to attend to or ensure their 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 disclosing to its shareholders as much relevant information as is possible, in a timely, fair and transparent manner. In addition to comprehensive, accurate and timely disclosure of material information on the SGXNet, TEE Land adopts the practice of regularly communicating major developments in its businesses and operations through the appropriate channel. Such channels include news releases, annual reports, shareholder circulars, shareholders' meetings, direct announcements and via 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 centrally located venues that are easily 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 enable wider dissemination to the masses and investor community.

Aside from general meetings, TEE Land held its inaugural Shareholders' Forum in January 2016 to provide shareholders with updates on the Company's FY2016 Half-Year results and the general business outlook. This forum provides the Management with another avenue for closer engagement with shareholders while gathering more insight on shareholders' perspectives and concerns.

Guideline 15.5: Dividend Policy

TEE Land does not have a fixed policy on the payment of dividends to shareholders. As a young and fast growing company, TEE Land prefers to retain the flexibility on deploying profits for growth while striking a balance in rewarding our shareholders. The Board and Management deliberate on the decision concerning half year and full year dividend payments.

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 will 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.

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 Chairman of the AC, NC, RC, and SAC respectively, as well as the Management and joint Company Secretaries. The Company's external auditors, Messrs Deloitte & Touche LLP, are also 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 and the Management. 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 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 made public.

DEALING IN SECURITIES

In line with Rule 1207(19) of the Listing Manual of SGX-ST, the Company 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 Company's results for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year results and ending on the day of the announcement, or when they are in possession of unpublished price-sensitive information on the Group.

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

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

In addition, besides the 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

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 Company's IPT. All IPT are recorded in an IPT Register and subject to quarterly review by the Audit Committee.

Details of IPT for the financial year ended 31 May 2016 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$17,325,000
TEE Projects Solutions Sdn Bhd (a wholly-owned subsidiary of TEE International Limited)	-	S$398,000

MATERIAL CONTRACTS

The material contracts entered into by the Company involving the interests of the Company's controlling shareholder for FY2016 is as follows:

(a) Awarded RM266.75 million contract for the execution and completion of building works including electricity works, sanitary and cold water distribution system, air conditioning and mechanical ventilation system, fire protection system and associated external works for TEE Resources' development project, Third Avenue, in Cyberjaya, Malaysia, to PBT Engineering Sdn Bhd, an indirect wholly-owned subsidiary of TEE International Limited. Shareholders' approval has been sought at the Extraordinary General Meeting held on 25 September 2014.

(b) Management services agreement with TEE International Limited, under which TEE International Limited provides certain management and administrative services to the Group. The fee payable to TEE International Limited under the management services agreement is at a fixed rate of $6,000 per month for the provision of centralised administration, information technology and human resources services. The terms and fee payable pursuant to the management services agreement is subject to annual review by the Audit Committee.

Other than disclosed above, there was no other material contracts 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 together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended May 31, 2016.

In the opinion of the directors, 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 57 to 127 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at May 31, 2016, and 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 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Er. Dr. Lee Bee Wah
Mr. Phua Cher Chew
Mr. Boon Choon Kiat
Ms. Saw Chin Choo
Dato Paduka Timothy Ong Teck Mong
Dr. Tan Khee Giap
Mr. Chin Sek Peng
Mr. Lim Teck Chai, Danny

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital 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 Singapore Companies Act except as follows:

Names of directors and companies in which interests are held	Shareholdings registered in names of directors			Shareholdings in which directors are deemed to have an interest		
	At beginning of year	At end of year	At June 21, 2016	At beginning of year	At end of year	At June 21, 2016
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	2,623,279	2,583,279	2,258,279	-	-	-
Ms. Saw Chin Choo	1,350,000	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	305,600	305,600	-	-	-
Mr. Phua Cher Chew	266,622	266,622	266,622	-	-	-
Dato Paduka Timothy Ong Teck Mong	1,469,311	1,469,311	1,469,311	-	-	-
Ms. Saw Chin Choo	451,365	451,365	451,365	1,324	1,324	1,324
The Company						
TEE Land Limited						
Ordinary shares						
Er. Dr. Lee Bee Wah	607,933	1,077,233	1,077,233	-	-	-
Mr. Phua Cher Chew	194,437	2,196,137	3,793,437	-	-	-
Dato Paduka Timothy Ong Teck Mong	664,855	664,855	664,855	-	-	-
Ms. Saw Chin Choo	223,000	318,000	318,000	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

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee comprises four members as at the end of the reporting period. The members of the committee at the date of this report 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)

The Audit Committee reviews the Group's internal controls on behalf of the Board of Directors and performs the functions specified in Section 201B of the Singapore Companies Act.

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and performs inter alia, the following functions:

(a) reviewed the overall scope of work of both the external and internal auditors and the assistance and co-operation accorded to them by management;

(b) reviewed the results of the external auditors' examination of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and evaluation of the Group's system of internal accounting controls;

(c) reviewed the announcements of results as well as related press releases of the Group;

(d) reviewed with the internal auditors the effectiveness and adequacy of the internal control policies and procedures in addressing the financial, operational and compliance risks of the Group including their recommendations on improving the internal controls of the Company and the Group;

(e) considered and recommended the appointment or re-appointment of the internal and external auditors;

(f) reviewed the independence and objectivity of the external auditors where non-audit services are provided by them;

(g) met with the external and internal auditors without the presence of management;

(h) reviewed interested person transactions; and

(i) reviewed any potential conflict of interest.

5 AUDIT COMMITTEE (cont'd)

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Mr. Phua Cher Chew

Ms. Saw Chin Choo

Singapore
August 31, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEE LAND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TEE Land Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at May 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 127.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at May 31, 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

August 31, 2016

STATEMENTS OF FINANCIAL POSITION

May 31, 2016

	Note	Group		Company	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
ASSETS					
Current assets					
Cash and bank balances	7	26,368	18,618	6,770	4,564
Trade receivables	8	7,933	37,824	-	-
Other receivables	9	24,846	16,963	150,443	164,300
Inventories	10	16	18	-	-
Current portion of loans receivable from associates	11	22,895	15,759	2,950	4,462
Development properties	12	113,796	122,658	-	-
Completed properties and land held for sale	13	46,231	14,973	-	-
Total current assets		242,085	226,813	160,163	173,326
Non-current assets					
Available-for-sale investment	14	-	*	-	-
Investment in associates	15	47,667	36,066	-	-
Investment in subsidiaries	16	-	-	20,795	18,799
Property, plant and equipment	17	89,961	79,152	-	-
Investment properties	18	11,717	12,036	-	-
Deferred tax assets	19	2,643	1,332	-	-
Other receivables	9	6,000	10,475	-	-
Loans receivable from associates	11	5,883	19,216	-	-
Total non-current assets		163,871	158,277	20,795	18,799
Total assets		405,956	385,090	180,958	192,125
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	20	3,114	11,499	1,615	-
Trade payables	21	11,651	8,600	-	-
Other payables	22	25,627	20,493	2,011	14,086
Current portion of finance lease	23	12	12	-	-
Current portion of long-term borrowings	24	23,324	45,254	-	-
Current portion of financial guarantee liabilities	25	382	280	1,218	1,235
Current portion of long-term loan	26	4,050	-	-	-
Income tax payable		3,465	1,289	27	-
Total current liabilities		71,625	87,427	4,871	15,321

* Denotes amount less than $1,000

STATEMENTS OF FINANCIAL POSITION

May 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Deferred tax liabilities	19	210	2,012	-	-
Finance lease	23	51	69	-	-
Long-term borrowings	24	132,213	94,305	-	-
Financial guarantee liabilities	25	631	568	1,878	2,335
Term notes	27	29,758	29,577	29,758	29,577
Long-term loan	26	-	4,050	-	-
Total non-current liabilities		162,863	130,581	31,636	31,912
Capital, reserves and non-controlling interests					
Share capital	28	142,238	142,238	142,238	142,238
Currency translation reserve	29	(2,305)	(733)	-	-
Merger reserve	30	(5,969)	(5,969)	-	-
Capital reserve	31	(6)	(6)	-	-
Accumulated profits		24,051	20,429	2,213	2,654
Equity attributable to owners of the Company		158,009	155,959	144,451	144,892
Non-controlling interests	32	13,459	11,123	-	-
Total equity		171,468	167,082	144,451	144,892
Total liabilities and equity		405,956	385,090	180,958	192,125

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended May 31, 2016

	Note	Group 2016 $'000	 2015 $'000
Revenue	33	34,889	60,157
Cost of sales		(21,755)	(40,855)
Gross profit		13,134	19,302
Other operating income	34	3,469	2,695
Selling and distribution costs		(2,937)	(2,264)
Administrative expenses		(12,620)	(9,647)
Other operating expenses	35	(3,953)	(6,223)
Share of results of associates	15	14,737	9,992
Finance costs	36	(4,997)	(3,639)
Profit before tax		6,833	10,216
Income tax credit (expense)	37	179	(1,240)
Profit for the year	38	7,012	8,976
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences, representing other comprehensive income for the year, net of tax		(1,837)	127
Total comprehensive income for the year		5,175	9,103
Profit attributable to:			
Owners of the Company		7,331	11,086
Non-controlling interests		(319)	(2,110)
		7,012	8,976
Total comprehensive income attributable to:			
Owners of the Company		5,759	11,207
Non-controlling interests		(584)	(2,104)
		5,175	9,103
Earnings per share			
Basic (cents)	39	1.64	2.48
Diluted (cents)	39	1.64	2.48

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Note	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									
Balance at June 1, 2014		142,238	(854)	(5,969)	(6)	14,661	150,070	1,927	151,997
Total comprehensive income for the year									
Profit for the year		-	-	-	-	11,086	11,086	(2,110)	8,976
Other comprehensive income for the year		-	121	-	-	-	121	6	127
Total		-	121	-	-	11,086	11,207	(2,104)	9,103
Transactions with owners, recognised directly in equity									
Deemed capital injection by non-controlling interests		-	-	-	-	-	-	11,300	11,300
Dividends	40	-	-	-	-	(5,318)	(5,318)	-	(5,318)
Total		-	-	-	-	(5,318)	(5,318)	11,300	5,982
Balance at May 31, 2015		142,238	(733)	(5,969)	(6)	20,429	155,959	11,123	167,082
Total comprehensive income for the year									
Profit for the year		-	-	-	-	7,331	7,331	(319)	7,012
Other comprehensive income for the year		-	(1,572)	-	-	-	(1,572)	(265)	(1,837)
Total		-	(1,572)	-	-	7,331	5,759	(584)	5,175
Transactions with owners, recognised directly in equity									
Deemed capital injection by non-controlling interests		-	-	-	-	-	-	2,430	2,430
Capital injection by non-controlling interest		-	-	-	-	-	-	490	490
Dividends	40	-	-	-	-	(3,709)	(3,709)	-	(3,709)
Total		-	-	-	-	(3,709)	(3,709)	2,920	(789)
Balance at May 31, 2016		142,238	(2,305)	(5,969)	(6)	24,051	158,009	13,459	171,468

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Note	Share capital $'000	Accumulated profits $'000	Total $'000
Company				
Balance at June 1, 2014		142,238	2,298	144,536
Profit for the year, representing total comprehensive income for the year		-	5,674	5,674
Dividends, representing transaction with owners, recognised directly in equity	40	-	(5,318)	(5,318)
Balance at May 31, 2015		142,238	2,654	144,892
Profit for the year, representing total comprehensive income for the year		-	3,268	3,268
Dividends, representing transaction with owners, recognised directly in equity	40	-	(3,709)	(3,709)
Balance at May 31, 2016		142,238	2,213	144,451

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

	Group 2016 $'000	 2015 $'000
Operating activities		
Profit before tax	6,833	10,216
Adjustments for:		
Share of results of associates	(14,737)	(9,992)
Change in fair value of investment property	-	(223)
Depreciation of property, plant and equipment	3,289	1,732
Gain on dilution of equity in associates	(1,254)	-
Loss on dissolution of joint development	2,911	-
Property, plant and equipment written off	-	53
Allowance for diminution in value of completed properties and land held for sale	534	518
Impairment loss on property, plant and equipment	-	168
Allowance for doubtful other receivable	-	3,374
Amortisation of deferred sales commission expense	732	1,053
Amortisation of show flat expenses	630	315
Amortisation of financial guarantee liabilities	(348)	(137)
Amortisation of term notes	181	121
Interest income	(1,382)	(2,053)
Interest expenses	4,997	3,078
Operating cash flows before movements in working capital	2,386	8,223
Trade receivables	29,565	(21,139)
Other receivables	(6,394)	(8,276)
Inventories	2	(18)
Development properties	9,906	37,326
Completed properties and land held for sale	(39,363)	(13,420)
Trade payables	3,022	3,231
Other payables (Note A)	7,700	(1,572)
Cash generated from operations	6,824	4,355
Interest paid	(7,505)	(5,674)
Income tax paid	(1,087)	(506)
Income tax refunded	280	-
Net cash used in operating activities	(1,488)	(1,825)
Investing activities		
Proceeds on disposal of available-for-sale investment	*	-
Purchase of property, plant and equipment (Note B)	(15,965)	(68,847)
Purchase of investment properties	-	(2,715)
Dividend received from associates	6,324	-
Cash inflow arising from dissolution of joint development (Note 41)	1,031	-
Investment in associates	(2,722)	(2,178)
Proceeds on disposal of associate	-	182
Repayment of loans receivable from associates	10,851	23,077
Loans receivable from associates	(4,699)	(10,039)
Interest received	3,794	409
Net cash used in investing activities	(1,386)	(60,111)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

	Group	
	2016 $'000	2015 $'000
Financing activities		
Drawdown of bank loans	1,615	7,000
Repayment of bank loans	(10,000)	(8,859)
Drawdown of long-term borrowings	40,104	57,716
Repayment of long-term borrowings	(13,105)	(37,520)
Loan to former joint developer	(6,000)	-
Repayment of finance lease payables	(11)	(17)
Proceeds from issuance of term notes	-	29,456
Deemed capital injection by non-controlling interests	2,430	11,300
Capital injection by non-controlling interests	490	-
Fixed deposit pledged	(1,422)	-
Dividends paid	(3,709)	(5,318)
Net cash from financing activities	10,392	53,758
Net increase (decrease) in cash and cash equivalents	7,518	(8,178)
Cash and cash equivalents at beginning of the year	18,003	25,884
Effect of foreign exchange rate changes	(1,190)	297
Cash and cash equivalents at end of the year (Note 7)	24,331	18,003

* Denotes amount less than $1,000

Significant non-cash transactions:

Note A

Included in other payables is an amount of $ Nil (2015: $200,000), payable to holding company, which is the effect of fair value of financial guarantees on initial recognition provided on behalf by the holding company to the associates to obtain bank facilities.

Note B

Cash payment of $15,965,000 (2015: $68,847,000) was made to purchase property, plant and equipment during the financial year.

In 2015, finance costs capitalised as cost of property, plant and equipment amounted to $170,000 at interest rates ranging from 1.94% to 2.57% per annum.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 201230851R) was incorporated in Singapore with its principal place of business and registered office at 25 Bukit Batok Street 22, Singapore 659591. The Company was admitted to the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on June 6, 2013. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are investment holding.

The principal activities of its associates and subsidiaries are disclosed in Notes 15 and 16 respectively.

The consolidated financial statements of the Group for the financial year ended May 31, 2016 and statement of financial position and statement of changes in equity of the Company for the financial year ended May 31, 2016 were authorised for issue by the Board of Directors on August 31, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transaction that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On June 1, 2015, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments/improvements to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* (4)
- FRS 115 *Revenue from Contracts with Customers* (4)
- FRS 116 *Leases* (5)
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers* (4)
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* (1)
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* (2)
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* (3)
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements* (1)
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* (1)
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (6)
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (6)
- Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (1)
- Improvements to Financial Reporting Standards (November 2014) (1)

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
(2) Applies prospectively to annual periods beginning on or after January 1, 2017, with early application permitted.
(3) Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
(4) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
(5) Applies to annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.
(6) Application has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRS and amendments/improvements to FRS in future periods will not have material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is currently assessing the effects of FRS 109 in the period of initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

The Group is currently assessing the effects of FRS 115 in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The Group is currently assessing the effects of FRS 116 in the period of initial adoption.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The Group is currently assessing the effects of FRS 1 in the period of initial adoption.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group is currently assessing the effects of FRS 7 in the period of initial adoption.

Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

The Group is currently assessing the effects of FRS 12 in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28.

The Group is currently assessing the effects of FRS 27 in the period of initial adoption.

Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to FRS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The Group is currently assessing the effects of FRS 16 and FRS 38 in the period of initial adoption.

Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

The Group is currently assessing the effects of FRS 110 and FRS 28 in the period of initial adoption.

Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

The amendments clarify that:

- the exemption from preparing consolidated financial statements is available to a parent entity that is subsidiary of an investment entity, even though the investment entity measures its subsidiaries at fair value in accordance with FRS 110;

- the requirement for an investment entity to consolidate a subsidiary applies only to a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services related to the investment entity parent's investment activities;

- in applying the equity method to an associate (or joint venture) that is an investment entity, a non-investment entity investor should retain the fair value measurements that the associate (or joint venture) used for its subsidiaries; and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss shall present the disclosures relating to investment entities required by this FRS 112.

The Group is currently assessing the effects of FRS 110, 112 and FRS 28 in the period of initial adoption.

Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

The amendments to FRS 111 provide guidance on how to account for the acquisition of both the initial and additional interests in a joint operation that constitutes a business as defined in FRS 103 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in FRS 103 and other standards should be applied, to the extent that they do not conflict with the requirements of FRS 111. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by FRS 103 and other standards for business combinations.

The Group is currently assessing the effects of FRS 111 in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of that acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depend on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with the Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale investment

Certain shares held by the Group are classified as being available for sale and are stated at cost less accumulated impairment losses. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of 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 the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss ("FVTPL"), subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions*, *Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance lease are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

DEVELOPMENT PROPERTIES - Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within "trade receivables".

Cost of property comprise specifically identified costs, including acquisition costs, development expenditure, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 prepayment in the statements of financial position 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 commission expense in the statements of financial position. Such assets are expensed as and when the related revenue is recognised.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Cost is calculated using first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than freehold land and leasehold building under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings on freehold lands	-	25 to 40 years
Leasehold building	-	37 years
Computers	-	3 years
Renovation	-	5 years
Motor vehicles	-	3 to 5 years
Machinery and tools	-	3 to 5 years
Office equipment	-	2 to 6 years

Freehold lands are not depreciated.

Depreciation is not provided on leasehold building under construction as the asset is not available for use.

The estimated useful lives, residual value and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the consolidated financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVESTMENT PROPERTIES - Investment properties, which are property held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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 (or 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES - An associates is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interests in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where the group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

INTEREST IN JOINT OPERATIONS - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a 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, revenues and expenses.

When a group entity 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When a group entity 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.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Development properties

Revenue from sales of development properties is recognised when 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).

Under (a), revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership 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 survey of work completed at the end of each reporting period performed by independent qualified surveyors. Where there is no certification of value is available, the stage of completion is based on the respective 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 from customers from sale of properties and are classified as current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rendering of services

Service revenue, as represented by the contract value of the services to be rendered, is recognised upon the completion of the services rendered.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

Revenue from hotel operations

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and services can be reliably measured.

Interest income

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

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences as they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each relevant period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities for the investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment property will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component in equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (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 a separate component of equity under the header of currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at banks, fixed deposits and project accounts and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

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

Management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements other than the investigation by the Commercial Affairs Department as set out in Note 46 to the financial statements and those involving estimates as discussed below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) 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:

(i) Percentage of completion for revenue recognition

As described in Note 2, the Group uses the stage of completion method to account for its contract revenue and contract costs arising from the sale of development properties when the transfer of significant risks and rewards of ownership occurs as construction progresses.

The stage of completion is measured based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Where there is no certification of value is available, the stage of completion is based on the respective costs incurred to date as compared to the total budgeted costs of the development.

Significant judgements are required to estimate the total development contract costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work specialists. The valuation of development properties and allowance for diminution in value, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs.

(ii) Allowances for doubtful trade and other receivables

The Group makes allowances for bad and 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 Group made full allowance for a deposit amounting to $3,374,000 (2015: $3,374,000) to acquire 26 plots of freehold land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia from a third party (the "Seller"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller and assessed and determined the balance may not be collectible.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 8 and 9 respectively.

(iii) Loans receivable from associates

The Group makes allowances for bad and doubtful debts 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 bad and doubtful debt 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 debts 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 11.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iv) 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. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The carrying amounts of the Group's development properties and completed properties and land held for sale are disclosed in Notes 12 and 13 respectively.

(v) 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 15 and 16 respectively.

(vi) 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 18. 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. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. Income capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent 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 18.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(vii) Deferral of show flat costs

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, costs incurred are deferred and recognised as prepayment in the statements of financial position until the show flats are ready for use and are amortised over the marketing period.

Management reviews the marketing period considering current market demand for property market and response from marketing activities of these development properties.

The carrying amount of deferred show flat costs is disclosed in Note 9.

(viii) Deferral of sales commission expense

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 statements of financial position. Such assets are expensed when the related revenue is recognised in accordance with Group's general policy on revenue recognition.

The carrying amount of deferred sales commission expense is disclosed in Note 9.

(ix) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 40 years. Changes in the expected level of usage and technological development could impact the economic useful life and the residual value of these assets, therefore future depreciation charges could be revised.

The carrying amount of property, plant and equipment is disclosed in Note 17.

(x) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss.

The carrying amount of property, plant and equipment is disclosed in Note 17.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 **$'000**	**2015** **$'000**	**2016** **$'000**	**2015** **$'000**
Financial assets				
Loans and receivables (including cash and bank balances)	87,062	115,509	160,141	173,302
Financial liabilities				
Amortised cost	226,129	212,388	33,384	43,663
Financial guarantee liabilities	1,013	848	3,096	3,570

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

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

(b) *Financial risk management policies and objectives*

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, cash flow interest rate risk and fair value risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including United States Dollar ("USD"), Thai Baht ("THB"), New Zealand Dollar ("NZD") and Australia Dollar ("AUD") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2016 **$'000**	**2015** **$'000**	**2016** **$'000**	**2015** **$'000**
Group				
USD	-	80	-	-
THB	87	104	284	1,379
NZD	-	-	6	7
AUD	-	-	69	47

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

(i) Foreign exchange risk management (cont'd)

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.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit or loss will decrease (increase) by:

	USD impact		**THB impact**		**NZD impact**		**AUD impact**	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Group								
Profit or loss	-	(8)	20	128	1	1	7	5

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, the effect on profit or loss will be vice-versa.

(ii) Interest rate risk management

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 20 and 24.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year 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 May 31, 2016 would decrease/increase by $778,000 (2015: $670,000). 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

(iii) Credit risk management

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 credit risk on cash and bank balances is limited as these balances are placed with or transacted with financial institutions which are creditworthy.

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.

The maximum amount that the Group and the Company could be forced to settle under the financial guarantee contract in Note 25, if the full guaranteed amount is claimed by the counterparty to the guarantee are $78,044,000 and $181,990,000 (2015: $70,723,000 and $184,093,000) respectively. 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.

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 above, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

(iv) Liquidity risk management

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 20.

Liquidity and interest risk analysis

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 % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
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
2015						
Non-interest bearing	-	27,622	4,050	-	-	31,672
Finance lease (fixed rate)	2.32	15	62	15	(11)	81
Fixed interest rate instruments	5.17	3,922	47,138	-	(4,508)	46,552
Variable interest rate instruments	3.45	59,210	76,425	7,722	(9,274)	134,083
Financial guarantee liabilities	-	70,155	568	-	(69,875)	848
		160,924	128,243	7,737	(83,668)	213,236

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (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	After 5 years $'000	Adjustment $'000	Total $'000
Company						
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
2015						
Non-interest bearing	-	14,086	-	-	-	14,086
Fixed interest rate instruments	6.50	-	34,212	-	(4,635)	29,577
Financial guarantee liabilities	-	181,704	2,335	-	(180,469)	3,570
		195,790	36,547	-	(185,104)	47,233

The earliest period that the guarantee could be called is within 1 year (2015: 1 year) from the end of the reporting period. As mentioned in Note 4(b)(iii), the Group and Company considers that it is more likely than not that no amount will be payable under the arrangement.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (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 % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
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
2015						
Non-interest bearing	-	72,401	13,542	-	-	85,943
Fixed interest rate instruments	5.17	18,501	12,571	-	(1,506)	29,566
		90,902	26,113	-	(1,506)	115,509

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Company						
2016						
Non-interest bearing	-	160,139	-	-	-	160,139
Fixed interest rate instruments	0.50	2	-	-	*	2
		160,141	-	-	*	160,141
2015						
Non-interest bearing	-	172,048	-	-	-	172,048
Fixed interest rate instruments	0.69	1,255	-	-	(1)	1,254
		173,303	-	-	(1)	173,302

Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade, other and loan receivables, trade and other payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

* Denotes amount less than $1,000

(c) Capital risk management policies and objectives

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 compiled with.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 20, 24, 26 and 27 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Capital risk management policies and objectives (cont'd)*

The Group monitors capital using debt ratio as follows:

	Group	
	2016 $'000	**2015 $'000**
Total assets	405,956	385,090
Total debt	192,522	184,766
Total equity	171,468	167,082
Total debt-to-total assets ratio (times)	0.47	0.48
Total debt-to-total equity ratio (times)	1.12	1.11

The Group's overall strategy with regards to capital risk management remains unchanged from prior year.

In 2015, two financial covenants relating to secured borrowings amounting to $16,951,000 of a subsidiary were not met. Subsequent to the end of the reporting period, the Group obtained a waiver of the breach of the loan covenants from the relevant lender which is after the date on which the loan covenants were tested. Consequently, the secured borrowings of $16,951,000 was reclassified from non-current liabilities to current liabilities.

In the current year, long-term borrowings of $16,951,000 was classified as non-current liabilities as there is no breach of bank covenant.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of TEE International Limited, incorporated in Singapore, which is also the Company's holding company. Related companies in these financial statements refer to members of the holding company's group of companies (the "Group").

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

(a) Significant intercompany transactions are as follows:

	Company	
	2016 $'000	**2015 $'000**
Management fees paid to holding company	135	113
Rental expenses paid to a subsidiary	514	-
Rental expenses paid to related company	*	2
Rental expenses recharged to subsidiaries	(490)	-

	Group	
	2016 $'000	**2015 $'000**
Management fees paid to related company	-	28
Rental expenses paid to related company	8	25
Rental income received from holding company	(626)	-
Rental income received from related companies	(578)	-
Construction cost for property, plant and equipment charged by a subsidiary of the holding company	-	12,700

* Denotes amount less than $1,000

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

(b) The holding company has granted corporate guarantees amounting to $44,076,000 (2015: $60,166,000) to financial institutions for securing banking facilities of subsidiaries of the Group.

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the period for bad or doubtful debts in respect of the amount owed by related companies.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions are as follows:

(a) Associates

	Group	
	2016 $'000	**2015 $'000**
Dividend income	(6,324)	-
Interest income	(1,290)	(2,002)
Financial guarantee income	(348)	(137)
Management fee income	(135)	(75)
Purchase of investment properties	-	1,963

Guarantees given to related parties

No guarantees have been given except that the financial guarantee liabilities (Note 25) pertaining to the effects of fair value of corporate guarantee on initial recognition provided by the Group on behalf of certain associates to obtain banking facilities.

(b) Provision of civil and structural engineering consultancy services

In 2015, an independent non-executive director of the Company is a director of an entity that controls a firm which provided civil and structural engineering consultancy services amounting to $34,000 to the Group.

(c) Purchase of Multi-currency Medium Term Note issued by the Company by the spouse of an independent non-executive director

In 2015, the spouse of an independent non-executive director of the Company purchased $250,000 of Multi-currency Medium Term Note ("MTN") issued by the Company under the MTN Programme.

(d) 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 amounting to $13,000 (2015: $8,000).

(e) 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 amounting to $80,000 (2015: $50,000).

6 OTHER RELATED PARTY TRANSACTIONS (cont'd)

(f) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2016 **$'000**	**2015** **$'000**
Short-term benefits	1,922	2,254
Post-employment benefits	94	80
	2,016	2,334

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the period for bad or doubtful debts in respect of the amount owed by related parties.

7 CASH AND BANK BALANCES

	Group		Company	
	2016 **$'000**	**2015** **$'000**	**2016** **$'000**	**2015** **$'000**
Cash at banks	13,894	8,556	6,768	3,310
Cash on hand	1	4	-	-
Fixed deposits [1]	2,039	1,869	2	1,254
Project accounts [2]:				
Cash at banks	8,434	8,189	-	-
Fixed deposits	2,000	-	-	-
	26,368	18,618	6,770	4,564

[1] Fixed deposits bear interest ranging from 0.50% to 5.00% (2015: 0.50% to 3.50%) per annum and for a tenure from 91 days to 731 days (2015: 92 days to 720 days). Fixed deposits are readily convertible to a known amount of cash and are subjected to an insignificant risk of changes in value.

[2] 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.

Cash and cash equivalents

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

	Group	
	2016 **$'000**	**2015** **$'000**
Cash and cash equivalents per consolidated statement of cash flows		
Cash and bank balances (as per statements of financial position)	26,368	18,618
Less: Encumbered bank deposit	(2,037)	(615)
	24,331	18,003

As at May 31, 2016, the Group has cash and cash equivalents of $2,037,000 (2015: $615,000) placed with a bank in Vietnam as security for banking facilities.

8 TRADE RECEIVABLES

	Group	
	2016 $'000	2015 $'000
Trade receivables	7,933	37,824

The average credit period given to customers is 14 to 30 days (2015: 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.

9 OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Associates (Notes 6 and 15)	98	89	-	-
Bank interest receivable	78	8	-	-
Deferred sales commission expense	2,291	733	-	-
Deferred show flat costs	607	900	-	-
Deposits	3,631	242	-	-
Former joint developer	6,523	-	-	-
Holding company (Note 5)	1,509	833	-	43
Interest receivable from associates (Notes 6 and 15)	3,962	6,444	147	712
Joint developer	-	10,971	-	-
Loan to former joint developer	6,000	-	-	-
Non-controlling interests	1,116	419	-	-
Option for purchase of properties	5,969	3,622	-	-
Prepayments	1,370	1,465	22	24
Related party (Note 14)	76	3,750	-	-
Subsidiaries (Notes 5 and 16)	-	-	150,251	163,520
Third parties	990	1,336	23	1
	34,220	30,812	150,443	164,300
Less: Allowance for doubtful receivable	(3,374)	(3,374)	-	-
	30,846	27,438	150,443	164,300
Less: Amounts receivable within 12 months (shown under current assets)	(24,846)	(16,963)	(150,443)	(164,300)
Amounts receivable after 12 months	6,000	10,475	-	-

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.

9 OTHER RECEIVABLES (cont'd)

Management has assessed the credit worthiness of the other receivables. Other receivables are not past due nor impaired.

The amount due from associates is unsecured, interest-free and repayable within 12 months from the reporting date.

Deferred sales commission expense is recognised as and when revenue is recognised.

Deferred show flat costs are capitalised less amortisation over marketing period.

Included in the deposits is an amount of $3,410,000 (2015: $Nil) which is unsecured, bears interest at 4.00% per annum and represents a refundable deposit for potential investment. Subsequent to the year end, the amount is refunded.

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. In 2015, the Group recognised the related assets, liabilities, income and expenses arising from the joint operation in accordance with the accounting policy as described in Note 2. In May 2016, the Group dissolved the joint development. The assets and liabilities relating to The Peak @ Cairnhill I (Note 13) were fully transferred to the Group while the assets and liabilities relating to The Peak @ Cairnhill II were fully transferred to the joint developer. The carrying amount of assets and liabilities of The Peak @ Cairnhill II at the date of dissolution are disclosed in Note 41.

In 2016, loan to former joint developer (2015: joint developer) of $6,000,000 (2015: $Nil) is unsecured, and is repayable after 12 months from the reporting date. The loan bears floating interest of 1.1% per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% per annum. The amount of $6,523,000 (2015: $4,662,000) due from former joint developer (2015: joint developer) is unsecured, interest-free and repayable within 12 months from the reporting date. During the year, amount due from former joint developer of $4,662,000 was written off as a result of the dissolution of joint development as disclosed in Note 41. The carrying amount approximates its fair value.

In 2015, there was an amount of $6,309,000 due from former joint developer which was unsecured, interest-free and expected to be repaid upon settlement of the final account, which was expected to be after 12 months from the last reporting date.

An amount of $1,116,000 (2015: $419,000) due from non-controlling interests is unsecured, interest-free and repayable within 12 months (2015: repayable after 12 months) from reporting date.

In 2016, included in the options for purchase of properties are amounts of $2,595,000 and $3,374,000 for an option to acquire a freehold land located at 20, Lorong 35, Geylang and an option to acquire 26 plots of the land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia (the "Land") respectively.

In 2015, included in the options for purchase of properties are amounts of $248,000 and $3,374,000 for an option to acquire the 11th floor and the penthouse of a 4-star hotel in Sydney and a deposit to acquire the Land respectively. In 2015, the Group terminated the acquisition of the Land as a result of non-compliance of conditions precedent by the Seller and assessed that the balance of $3,374,000 may not be collectible and hence provided as doubtful receivable. In 2016, the management reassessed that the balance may still be uncollectible and hence remain as doubtful receivable at the end of the reporting period.

In 2015, included in other receivables due from related party is an amount of $3,750,000, which is due from a company in which the Group has a 10% equity interest (Note 14). The amount of $3,750,000 is unsecured, interest free and repayable after 12 months from the end of last reporting period. The carrying amount approximates the fair value at the end of the reporting period. The amount due from related parties was settled via novation of this balance to the available-for-sale investment as disclosed in Note 14.

The amounts due from holding company, related party, subsidiaries and third parties are unsecured, interest-free and repayable on demand.

9 OTHER RECEIVABLES (cont'd)

Movement in the allowance for doubtful receivable:

	Group	
	2016 $'000	2015 $'000
Balances at beginning of the year	3,374	-
Increase in allowance recognised in profit or loss (Note 35)	-	3,374
Balance at end of the year	3,374	3,374

10 INVENTORIES

	Group	
	2016 $'000	2015 $'000
Consumables, at cost	16	18

11 LOANS RECEIVABLE FROM ASSOCIATES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Loans receivable from associates	28,778	34,975	2,950	4,462
Less: Amounts receivable within 12 months (shown under current assets)	(22,895)	(15,759)	(2,950)	(4,462)
Amounts receivable after 12 months	5,883	19,216	-	-

Included in the loans receivable from associates is an amount of $7,233,000 (2015: $7,278,000) which is unsecured, interest-free and expected to be repaid upon completion of the development project held by an associate. The remaining amounts of $21,545,000 (2015: $27,697,000) are unsecured, bear fixed interest rates ranging from 5.00% to 7.00% (2015: 5.00% to 7.00%) per annum and are expected to be repaid upon the completion of the development projects held by the respective associates. 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 as their interest rates approximate current market interest rates on or near the end of the reporting period.

The Group executed deeds of subordination (the "Deeds") to secure all liabilities and indebtedness of two (2015: two) of its associates. As a result of the Deeds, the loans receivable from the associate amounting to $1,403,000 (2015: $4,666,000) are subordinated in rank to the credit facilities granted by the banks to the associate.

12 DEVELOPMENT PROPERTIES

	Group	
	2016 $'000	2015 $'000
Cost incurred plus attributable profit	163,018	151,216
Less:		
Progress billings	(10,335)	(12,334)
Transferred to completed properties and land held for sale (Note 13)	(38,887)	(16,224)
	113,796	122,658

12 DEVELOPMENT PROPERTIES (cont'd)

Movement in the allowance for diminution in value

	Group	
	2016 $'000	2015 $'000
Balance at beginning of the year	-	733
Transfer to land held for sale (Note 13)	-	(733)
Balance at end of the year	-	-

Cost of development properties comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development. These projects have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

The Group makes allowance for diminution in value taking into account estimated net realisable values of the project by reference to comparable properties, location and property market conditions.

The allowance for diminution in value was made on a property due to the weakening market conditions and the slow take up rate of the property.

Details of the Group's development properties as at May 31, 2016 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%
Hilbre 28 64, 66, 68, 70, 72 74, 76, 78 and 80 Hillside Drive, Hillside Gardens, Singapore	28 units of residential apartment	999 years leasehold from September 1, 1876	20%	December 2018	2,026	2,850	100%
183 LONGHAUS 183 Upper Thomson Road, Singapore	40 residential units and 10 commercial units	Freehold	*	October 2020	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	29%	June 2018	24,085	72,257	100%

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

12 DEVELOPMENT PROPERTIES (cont'd)

Development properties of $113,796,000 (2015: $122,658,000) were pledged to banks to secure the bank loans and long-term borrowings granted to the Group as disclosed in Notes 20 and 24 respectively.

Finance costs capitalised as cost of development properties during the financial year amounted to $2,448,000 (2015: $2,564,000) at interest rates ranging from 2.35% to 7.60% (2015: 1.41% to 7.60%) per annum.

13 COMPLETED PROPERTIES AND LAND HELD FOR SALE

	Group	
	2016 $'000	2015 $'000
Balance at beginning of the year	16,224	1,216
Add: Additions during the year	477	-
Add: Transferred from development properties (Note 12)	38,887	16,224
Less: Dissolved during the year (Note 41)	(7,572)	-
Less: Recognised as an expense in cost of sales during the year	-	(1,216)
	48,016	16,224
Less: Allowance for diminution in value	(1,785)	(1,251)
Balance at end of the year	46,231	14,973

Movement in the allowance for diminution in value

	Group	
	2016 $'000	2015 $'000
Balance at beginning of the year	1,251	-
Transferred from development properties (Note 12)	-	733
Charge to profit or loss (Note 35)	534	518
Balance at end of the year	1,785	1,251

Details of the Group's completed properties held for sale as at May 31, 2016 is as follows:

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	20 units of residential apartments	Freehold	978	3,008	100%

Details of the Group's completed land held for sale as at May 31, 2016 is as follows:

Name of property/Location	Description	Tenure	Land area (sq m)	Gross floor area (sq m)	Group's interest in property
Peach Garden, Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	37 plots of land	50 years leasehold from October 14, 2011	6,029	-	65%

13 COMPLETED PROPERTIES AND LAND HELD FOR SALE (cont'd)

The completed properties and land held for sale of $42,401,000 (2015: $10,608,000) is pledged to bank to secure the bank loans and long-term borrowings granted to the Group as disclosed in Note 24.

In 2015, finance costs capitalised as cost of completed properties and land held for sale during the financial year amounted $337,000 with interest rates ranging from 3.80% to 4.15% per annum.

In May 2016, the Group dissolved the joint development and the assets and liabilities relating to The Peak @ Cairnhill I were fully transferred to the Group. The carrying amount of assets and liabilities of The Peak @ Cairnhill I at the date of dissolution are disclosed in Note 41.

14 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity shares, at cost	-	*	-	-

* Denotes amount less than $1,000

The available-for-sale investment represents a 10% equity interest in an entity incorporated in Singapore whose principal activity is investment holding. A director of the Company is also a director of this entity.

This investment is classified as available-for-sale investment as the Group has no control or significant influence over this investment and are carried at cost less accumulated impairment losses as its fair value could not be reliably measured.

On March 4, 2016, as the management wished to focus on the primary markets of the Group, the Group entered into a share sale agreement ("SSA") with Oxley China Pte. Ltd. ("Oxley") and Lian Beng (China) Pte. Ltd. ("LBC") (collectively, the "Purchasers"). Pursuant to the SSA, the Group would, in equal proportions to the Purchasers:

(a) transfer its entire interest in available-for-sale investment, comprising 10% of the entire issued and paid-up share capital of available-for-sale investment, for a cash consideration of $10; and

(b) novate the $3,900,000 shareholder's loan granted by the Group to the available-for-sale investment in consideration for cash repayment of the same corresponding amount. This amount was equivalent to the book value of the shares and shareholders' loan as at December 31, 2015.

The transaction was completed on March 16, 2016.

15 INVESTMENT IN ASSOCIATES

	Group	
	2016 $'000	2015 $'000
Quoted equity shares, at cost	9,875	-
Unquoted equity shares, at cost	2,174	9,327
Deemed cost of investment	5,766	5,791
Share of post-acquisition reserves, net of dividend received	29,852	20,948
	47,667	36,066

Deemed cost of investment pertains to the effects of fair value of financial guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

15 INVESTMENT IN ASSOCIATES (cont'd)

On April 5, 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 dilluted from 49% to 31.9% which resulted in a gain on dilution of equity interest in Chewathai Public Company Limited amounting to $1,254,000 as disclosed in Note 34. Cumulative translation differences in respect of the net assets of the associate reclassified from equity on dilution of interest of associate amounting to $227,000.

As at May 31, 2016, the fair value of quoted equity shares of Chewthai Public Company Limited is Thai Baht ("THB") 384,982,000 (equivalent to $14,899,000) based on a quoted bid price in an active market.

Details of the Group's associates at May 31, 2016 are as follow:

Name of associate/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**	
		2016	**2015**
		%	**%**
Unique Development Pte. Ltd. Singapore (3)	Development of real estate	20.0	20.0
Unique Realty Pte. Ltd. Singapore (3)	Development of real estate	20.0	20.0
Residenza Pte. Ltd. Singapore (3)	Development of real estate	32.0	32.0
Development 26 Pte. Ltd. Singapore (3)	Development of real estate	45.0	45.0
Unique Consortium Pte. Ltd. Singapore (1)	Development of real estate	20.0	20.0
Unique Capital Pte. Ltd. Singapore (1)	Development of real estate	20.0	20.0
KSH (China) Venture Pte. Ltd. Singapore (4)	Development of real estate	-	*
Chewathai Public Company Limited *(formerly known as Chewathai Limited)* Thailand (2)	Development of real estate	31.9	49.0
Development 32 Pte. Ltd. Singapore (3)	Development of real estate	45.0	45.0
Unique Commercial Pte. Ltd. Singapore (1)	Development of real estate	35.0	35.0
Wealth Development Pte. Ltd. Singapore (3)	Development of real estate	30.0	30.0
Unique Wellness Pte. Ltd. Singapore (4)	Dormant	20.0	20.0

15 INVESTMENT IN ASSOCIATES (cont'd)

Details of the Group's associates at May 31, 2016 are as follow:

Name of associate/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2016 %	2015 %
<u>Held by Chewathai Public Company Limited</u> *<u>(formerly known as Chewathai Limited)</u>*			
Chewathai Hup Soon Limited Thailand (2)	Development of real estate	15.9	24.5
Chewathai Interchange Co., Ltd Thailand (2)	Development of real estate	31.9	49.0

* Struck off on January 20, 2015.

(1) Audited by Deloitte & Touche LLP, Singapore for equity accounting purposes for Group consolidation.

(2) Audited by another firm of auditors, Ernst & Young Office Limited, Thailand for equity accounting purposes for Group consolidation.

(3) Audited by another firm of auditors, Ernst & Young LLP, Singapore for equity accounting purposes for Group consolidation.

(4) These associates are exempted from audit as they are dormant and not considered material.

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.

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

	Group 2016 $'000	 2015 $'000
Total assets	556,287	635,482
Total liabilities	(399,279)	(528,819)
Net assets	157,008	106,663
Group's share of associates' net assets	41,901	29,815
Revenue	181,855	227,452
Profit for the financial year	49,433	38,896
Group's share of associates' results for the financial year	14,737	9,992

The Group has not recognised its share of losses amounting to $265,000 (2015: $311,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $583,000 (2015: $318,000).

15 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. $'000	Unique Realty Pte. Ltd. $'000	Residenza Pte. Ltd. $'000	Unique Consortium Pte. Ltd. $'000	Development 26 Pte. Ltd. $'000	Chewathai Public Limited and its subsidiaries $'000	Individually immaterial associates $'000	Total $'000
2016								
Summarised statement of financial position								
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	45.0%	31.9%	20.0%-45.0%	
Current assets	24,411	33,477	17,331	1,304	14,041	106,996	185,525	383,085
Non-current assets	-	-	-	139,634	-	19,525	14,043	173,202
Current liabilities	(3,926)	(12,574)	(2,242)	(13)	(6,012)	(67,958)	(58,056)	(150,781)
Non-current liabilities	(3,196)	(2,322)	(7,256)	(91,894)	-	(12,595)	(131,235)	(248,498)
Net assets	17,289	18,581	7,833	49,031	8,029	45,968	10,277	157,008
Group's share of net assets	3,458	3,716	2,507	9,806	3,613	15,925	2,876	41,901
Deemed cost of investment	1,054	610	201	691	300	1,185	1,725	5,766
Carrying amount of the Group's interest in associates	4,512	4,326	2,708	10,497	3,913	17,110	4,601	47,667
Summarised statement of profit or loss and comprehensive income								
Revenue	-	58,812	22,798	-	9,369	75,317	15,559	181,855
Profit for the year	(2,757)	7,156	2,606	24,584	4,504	12,322	1,018	49,433
Total comprehensive income for the year	(2,757)	7,156	2,606	24,584	4,504	12,322	1,018	49,433

15 INVESTMENT IN ASSOCIATES (cont'd)

	Unique Development Pte. Ltd. $'000	Unique Realty Pte. Ltd. $'000	Residenza Pte. Ltd. $'000	Unique Consortium Pte. Ltd. $'000	Development 26 Pte. Ltd. $'000	Chewathai Limited and its subsidiaries $'000	Individually immaterial associates $'000	Total $'000
2015								
Summarised statement of financial position								
Proportion of the Group's effective ownership interest	20.0%	20.0%	32.0%	20.0%	45.0%	49.0%	20.0%-45.0%	
Current assets	66,802	96,816	33,160	2,976	32,925	111,169	151,651	495,499
Non-current assets	-	-	-	105,497	1	20,310	14,175	139,983
Current liabilities	(32,293)	(10,550)	(22,782)	(926)	(2,165)	(35,246)	(38,246)	(142,208)
Non-current liabilities	(14,463)	(74,841)	(5,151)	(83,100)	(20,708)	(70,061)	(118,287)	(386,611)
Net assets	20,046	11,425	5,227	24,447	10,053	26,172	9,293	106,663
Group's share of net assets	4,009	2,285	1,673	4,890	4,524	10,148	2,286	29,815
Deemed cost of investment	1,070	610	200	690	312	1,185	1,724	5,791
Other adjustments	-	-	-	-	-	-	460	460
Carrying amount of the Group's interest in associate	5,079	2,895	1,873	5,580	4,836	11,333	4,470	36,066
Summarised statement of profit or loss and comprehensive income								
Revenue	62,108	92,825	27,763	-	20,803	20,294	3,659	227,452
Profit for the year	3,397	7,334	3,228	20,200	2,918	1,792	27	38,896
Other comprehensive income for the year	-	-	-	-	-	268	-	268
Total comprehensive income for the year	3,397	7,334	3,228	20,200	2,918	2,060	27	39,164

16 INVESTMENT IN SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	17,479	15,969
Deemed cost of investment	3,316	2,830
	20,795	18,799

Deemed cost of investment pertains to the effects of fair value of financial guarantees on initial recognition provided by the Company on behalf of its subsidiaries for the granting of banking facilities.

The Company provided guarantees to banks for credit facilities obtained by certain of its subsidiaries and recorded a deemed financial guarantee fee income in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The deemed income is amortised over the period of the financial guarantees. The unamortised financial guarantee fee of $3,096,000 (2015: $3,570,000) is disclosed in Note 25 to the financial statements. The full amount of the guarantee fee is deemed to be additional investment in subsidiaries.

Details of the Company's subsidiaries at May 31, 2016 are as follows:

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2016 %	2015 %
TEE Realty Pte. Ltd. Singapore (1)	Development of real estate	100	100
Development 83 Pte. Ltd. Singapore (1)	Development of real estate	100	100
TEE Property Pte. Ltd. Singapore (1)	Development of real estate and investment holding	100	100
TEE Homes Pte. Ltd. Singapore (1)	Development of real estate	100	100
TEE Development Pte. Ltd. Singapore (1)	Development of real estate	100	100
Development 72 Pte. Ltd. Singapore (1)	Development of real estate	100	100
TEE Hospitality Pte. Ltd. Singapore (1)	Development of real estate and investment holding	100	100
TEE Industrial Pte. Ltd. Singapore (1)	Development of real estate	100	100
Development 16 Pte. Ltd. Singapore (1)	Development of real estate and investment holding	100	100
TEE Ventures Pte. Ltd. Singapore (1)	Development of real estate	100	100

16 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiary/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**	
		2016	**2015**
		%	**%**
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)* Singapore (1)	Dormant	51	100
Held by TEE Property Pte. Ltd.			
Viet-TEE Co., Ltd. Vietnam (2)	Development of real estate	65	65
TEE Resources Sdn. Bhd. Malaysia (3)	Development of real estate	100	100
Klang City Development Pte. Ltd. Singapore (1)	Development of real estate and investment holding	60	60
Held by Klang City Development Pte. Ltd.			
Menara Jutamas Sdn. Bhd. Malaysia (6)	Development of real estate	60	60
Held by TEE Hospitality Pte. Ltd.			
TEE Oceania Pte Limited New Zealand (4)	Investment holding	100	100
JPJ Properties Pty Ltd Australia (5)	Hotel operations	55	55
Potts Point Hospitality Pty Ltd Australia (5)	Hotel operations	55	55
TCK Commercial Pty Ltd Australia (7)	Dormant	55	-
Held by TEE Oceania Pte Limited			
Teematic Private Limited New Zealand (4)	Investment holding	75.1	75.1
Held by Teematic Private Limited			
Workotel Limited New Zealand (4)	Rental accommodation operations	75.1	75.1

16 INVESTMENT IN SUBSIDIARIES (cont'd)

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by another firm of auditors, AAC Auditing and Accounting Company, Vietnam.

(3) Audited by a member firm of Deloitte Touche Tohmatsu, Kuala Lumpur, Malaysia.

(4) Audited by another firm of auditors, BDO, Christchurch, New Zealand.

(5) Audited by another firm of auditors, Crowe Horwath, Australia.

(6) Audited by another firm of auditors, Tee & Partners Chartered Accountants, Malaysia.

(7) TCK Commercial Pty Ltd was deregistered on August 24, 2016. This subsidiary is exempted from audit as it is 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.

The Company undertakes to provide financial support to certain subsidiaries with net current liabilities to ensure that subsidiaries can meet their contractual obligations when they fall due.

The table below shows the details of non wholly-owned 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**	
		2016 %	**2015 %**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Viet-TEE Co., Ltd	Vietnam	35.0	35.0	(206)	(200)	1,238	1,444
Klang City Development Pte. Ltd.	Singapore	40.0	40.0	70	(36)	35	(35)
Menara Jutamas Sdn. Bhd.	Malaysia	40.0	40.0	(20)	(1,383)	(1,280)	(1,383)
JPJ Properties Pty Ltd	Australia	45.0	45.0	(114)	(490)	4,733	4,992
TEE Oceania Pte Limited and its subsidiaries	New Zealand	24.9	24.9	46	107	390	355
Potts Point Hospitality Pty Ltd	Australia	45.0	45.0	(92)	(108)	7,856	5,750
Development 35 Pte. Ltd. *(formerly known as TEE Vista Pte. Ltd.)*	Singapore	49.0	-	(3)	-	487	-
Individually immaterial subsidiaries with non-controlling interests				-	-	*	-
Total				(319)	(2,110)	13,459	11,123

* Denotes amount less than $1,000

16 INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amount before intragroup eliminations.

	Viet-TEE Co., Ltd $'000	Klang City Development Pte. Ltd. $'000	Menara Jutamas Sdn. Bhd. $'000	JPJ Properties Pty Ltd $'000	TEE Oceania Pte Limited and its subsidiaries $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000
2016							
Current assets	7,405	3	1	1,205	3,625	706	2,610
Non-current assets	-	*	-	26,844	10,039	39,578	-
Current liabilities	(3,753)	(3,291)	(3,201)	(452)	(7,258)	(8,453)	(1,615)
Non-current liabilities	-	-	-	(17,078)	(5,086)	(14,375)	-
Equity attributable to owners of the Company	2,414	(3,323)	(1,920)	5,786	930	9,600	508
Non-controlling interest	1,238	35	(1,280)	4,733	390	7,856	487
2015							
Current assets	5,376	1	12	487	3,568	2,857	-
Non-current assets	416	*	-	28,681	10,291	25,741	-
Current liabilities	(1,551)	(3,463)	(3,471)	(18,048)	(7,153)	(425)	-
Non-current liabilities	-	-	-	-	(5,419)	(15,394)	-
Equity attributable to owners of the Company	2,797	(3,427)	(2,076)	6,128	932	7,029	-
Non-controlling interest	1,444	(35)	(1,383)	4,992	355	5,750	-

* Denotes amount less than $1,000

16 INVESTMENT IN SUBSIDIARIES (cont'd)

	Viet-TEE Co., Ltd $'000	Klang City Development Pte. Ltd. $'000	Menara Jutamas Sdn. Bhd. $'000	JPJ Properties Pty Ltd $'000	TEE Oceania Pte Limited and its subsidiaries $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000
2016							
Revenue for the year	-	-	-	5,978	2,151	4,891	-
Expenses	(590)	173	(50)	(6,231)	(2,076)	(5,092)	(5)
Profit for the year	(590)	173	(50)	(253)	75	(201)	(5)
Profit attributable to:							
Owners of the company	(384)	103	(30)	(139)	29	(109)	(2)
Non-controlling interests	(206)	70	(20)	(114)	46	(92)	(3)
Profit for the year	(590)	173	(50)	(253)	75	(201)	(5)
Other comprehensive income (loss) attributable to:							
Owners of the company	*	-	185	(202)	(28)	(259)	-
Non-controlling interests	*	-	123	(165)	(12)	(211)	-
Other comprehensive income (loss) for the year	*	-	308	(367)	(40)	(470)	-
Total comprehensive income attributable to:							
Owners of the company	(384)	103	155	(341)	1	(368)	(2)
Non-controlling interests	(206)	70	103	(279)	34	(303)	(3)
Total comprehensive income for the year	(590)	173	258	(620)	35	(671)	(5)
Net cash outflow used in operating activities	2,316	-	*	755	99	914	(985)
Net cash outflow used in investing activities	(2,119)	-	-	(892)	(11)	(15,605)	-
Net cash inflow from financing activities	-	-	-	727	(124)	12,954	1,000
Net cash outflow	197	-	*	590	(36)	(1,737)	15

* Denotes amount less than $1,000

16 INVESTMENT IN SUBSIDIARIES (cont'd)

	Viet-TEE Co., Ltd $'000	Klang City Development Pte. Ltd. $'000	Menara Jutamas Sdn. Bhd. $'000	JPJ Properties Pty Ltd $'000	TEE Oceania Pte Limited and its subsidiaries $'000	Potts Point Hospitality Pty Ltd $'000	Development 35 Pte. Ltd. $'000
2015							
Revenue for the year	-	-	-	3,536	2,451	1,012	-
Expenses	(571)	(3,463)	(3,458)	(4,626)	(2,120)	(1,250)	-
Profit for the year	(571)	(3,463)	(3,458)	(1,090)	331	(238)	-
Profit attributable to:							
Owners of the company	(371)	(3,427)	(2,075)	(600)	224	(130)	-
Non-controlling interests	(200)	(36)	(1,383)	(490)	107	(108)	-
Profit for the year	(571)	(3,463)	(3,458)	(1,090)	331	(238)	-
Other comprehensive income (loss) attributable to:							
Owners of the company	(2)	-	(3)	(72)	130	(16)	-
Non-controlling interests	*	-	1	32	(35)	8	-
Other comprehensive income (loss) for the year	(2)	-	(2)	(40)	95	(8)	-
Total comprehensive income attributable to:							
Owners of the company	(373)	(3,427)	(2,078)	(672)	354	(146)	-
Non-controlling interests	(200)	(36)	(1,382)	(458)	72	(100)	-
Total comprehensive income for the year	(573)	(3,463)	(3,460)	(1,130)	426	(246)	-
Net cash outflow used in operating activities	543	-	1	(391)	367	29	-
Net cash outflow used in investing activities	(1,031)	-	-	(30,340)	(855)	(27,990)	-
Net cash inflow from financing activities	(359)	-	-	31,014	216	30,360	-
Net cash outflow	(847)	-	1	283	(272)	2,399	-

* Denotes amount less than $1,000

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold lands $'000	Buildings on freehold lands $'000	Leasehold building under construction $'000	Leasehold building $'000	Computers $'000	Renovation $'000	Motor vehicles $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group										
Cost:										
At June 1, 2014	-	-	10,315	-	34	1,580	116	2	253	12,300
Exchange differences	-	-	-	-	(1)	(85)	(7)	-	(20)	(113)
Additions	10,816	36,050	13,553	-	86	-	3	12	8,497	69,017
Written off	-	-	-	-	-	(97)	-	-	(16)	(113)
At May 31, 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 May 31, 2016	10,454	49,835	-	23,962	114	1,291	107	17	9,280	95,060
Accumulated depreciation:										
At June 1, 2014	-	-	-	-	11	158	4	1	39	213
Exchange differences	-	(38)	-	-	(1)	(18)	(2)	-	(55)	(114)
Depreciation	-	574	-	-	24	308	24	4	798	1,732
Written off	-	-	-	-	-	(52)	-	-	(8)	(60)
At May 31, 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 May 31, 2016	-	1,721	-	642	65	618	45	7	1,833	4,931
Impairment:										
Impairment loss recognised during the year and balance at May 31, 2015	-	-	168	-	-	-	-	-	-	168
Reclassification	-	-	(168)	168	-	-	-	-	-	-
At May 31, 2016	-	-	-	168	-	-	-	-	-	168
Carrying amount:										
At May 31, 2016	10,454	48,114	-	23,152	49	673	62	10	7,447	89,961
At May 31, 2015	10,816	35,514	23,700	-	85	1,002	86	9	7,940	79,152

17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

In 2015, the Group carried out an assessment of the recoverable amount of its leasehold building under construction, having regard to comparable sales of similar properties. The assessment led to the recognition of impairment loss of $168,000 that has been recognised in the profit or loss (Note 35).

The carrying amount of the Group's motor vehicles includes an amount of $53,000 (2015: $81,000) which was held under finance lease (Note 23).

The Group has pledged the freehold land, buildings on freehold land and leasehold building of $79,513,000 (2015: $55,529,000) to secure facilities granted to the Group (Note 24).

In 2015, finance costs capitalised as cost of property, plant and equipment during the financial year amounted to $170,000 at interest ranging from 1.94% to 2.57% per annum.

18 INVESTMENT PROPERTIES

	Group	
	2016 $'000	2015 $'000
At fair value:		
At beginning of year	12,036	10,120
Exchange differences	(319)	(1,022)
Additions	-	2,715
Changes in fair value included in profit or loss (Note 34)	-	223
At end of year	11,717	12,036

18 INVESTMENT PROPERTIES (cont'd)

The investment properties held by the Group as at May 31, 2016 and 2015 are as follow:

Name of property/Location	Tenure	Description
Workotel 19 Main South Road Upper Riccarton, Christchurch New Zealand	Freehold	109 cabins 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

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at May 31, 2016 and 2015 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 valuer has considered valuation techniques (including discounted cash flow method and direct comparison method) in arriving at the open market value as at the end of the reporting period. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. The valuation conforms to International Valuation Standards.

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.

18 INVESTMENT PROPERTIES (cont'd)

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 May 31, 2016 and 2015, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The following table shows the significant unobservable inputs used in the valuation model:

	Fair value				Range	
Investment properties	**2016 $'000**	**2015 $'000**	**Valuation methodology**	**Significant unobservable inputs (Level 3)**	**2016**	**2015**
New Zealand	9,754	10,073	Income capitalisation method	Occupancy turnover (1)	-	93.00%
				Turnover (1)	-	$32,000/week
				Operating income (1)	-	$20,000/week
				Net operating income margin (1)	-	50%
				Capitalisation rate (2)	-	10.00% - 11.00%
			Discounted cash flow method	Discount rate (2)	11.00%	12.09%
				Terminal yield rate (2)	-	9.90%
			Direct comparison method	Price per square meter of gross floor area (1)	$300 - $400	-
Thailand	1,963	1,963	Direct comparison method	Price per square meter of gross floor area (1)	$3,500 - $6,000	$5,000 - $6,000
	11,717	12,036				
			Income capitalisation method	Occupancy turnover (1)	90.00%	-
				Turnover (1)	$2,600/week	-
				Operating income (1)	$2,300/week	-
				Net operating income margin (1)	90.00%	-
				Capitalisation rate (2)	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 of $9,754,000 (2015: $10,073,000) to a bank to secure borrowings granted to the Group (Note 24).

The property rental income from the Group's investment properties amounted to $1,400,000 (2015: $1,614,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $518,000 (2015: $557,000).

19 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 of profits from properties under development $'000	Tax losses $'000	Total $'000
Group			
At June 1, 2014	1,043	(96)	947
Charge (Credit) to profit or loss for the year (Note 37)	975	(1,290)	(315)
Exchange differences	(6)	54	48
At May 31, 2015	2,012	(1,332)	680
Credit to profit or loss for the year (Note 37)	(1,800)	(1,362)	(3,162)
Exchange differences	(2)	51	49
At May 31, 2016	210	(2,643)	(2,433)

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

	Group	
	2016 $'000	2015 $'000
Deferred tax liabilities	210	2,012
Deferred tax assets	(2,643)	(1,332)
	(2,433)	680

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 $16,584,000 (2015: $10,817,000) which is available for offset against future taxable profits of the Group. Deferred tax asset of $2,643,000 (2015: $1,332,000) 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 $4,176,000 (2015: $5,398,000) 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.

20 BANK LOANS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Secured – at armortised cost				
– Bank loans	3,114	11,499	1,615	-

Bank loans are repayable within one year. As the amount are due for settlement within 12 months, they are shown under current liabilities.

The Group's bank loans bear interest rates ranging from 3.11% to 4.50% (2015: 2.25% to 4.50%) per annum and secured by corporate guarantees (2015: development properties (Note 12) and corporate guarantee) by the Company (Note 25).

As at the end of reporting period, the Group and the Company had available $40,869,000 (2015: $52,388,000) and $165,000 (2015: $Nil) of undrawn borrowing facilities respectively, in respect of which all conditions precedent had been met.

21 TRADE PAYABLES

	Group	
	2016 $'000	2015 $'000
Trade payables	7,562	5,225
Related company (Note 5)	3,287	2,349
Retention payables	802	1,026
	11,651	8,600

The credit period granted by contractors is 30 to 60 days (2015: 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.

22 OTHER PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Holding company (Note 5)	1,195	1,476	1,195	1,476
Related companies (Note 5)	323	47	19	11
Subsidiaries (Notes 5 and 16)	-	-	-	11,607
Non-controlling interests	2,939	2,174	-	69
Associates (Notes 6 and 15)	87	504	30	-
Accrued expenses	2,803	2,000	482	648
Accrued interest expense	717	793	204	187
Advances received from customers	3,671	1,471	-	-
Rental and security deposits	348	124	-	-
Former joint developer	8,440	-	-	-
Joint developer	-	10,211	-	-
Other payables	5,104	1,693	81	88
	25,627	20,493	2,011	14,086

22 OTHER PAYABLES (cont'd)

Included in the amount due to former joint developer ("JD") (2015: amount due to joint developer) is an agreed amount payable to the JD of $7,650,000 (2015: $8,185,000) as the Group recognises the enhanced value that the JD brings to the joint development and of the JD's effort in facilitating the joint development. The amount due to the fomer JD (2015: amount due to JD) is unsecured, interest-free and repayable on demand. The remaining amount of $790,000 (2015: $2,026,000) is unsecured, interest-free and repayable on demand.

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

23 FINANCE LEASE

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amounts payable under finance lease:				
Within one year	14	15	12	12
In the second to fifth years inclusive	56	62	51	54
After five years	-	15	-	15
	70	92	63	81
Less: Future finance charges	(7)	(11)	-	-
Present value of lease obligations	63	81	63	81
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(12)	(12)
Amounts due for settlement after 12 months			51	69

The lease term is 7 years (2015: 7 years). The borrowing rate is 2.32% (2015: 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 Group's obligations under finance lease are secured by the lessor' title to the leased asset (Note 17).

24 LONG-TERM BORROWINGS

	Group	
	2016 $'000	2015 $'000
Bank loans	138,460	122,608
Borrowings	17,077	16,951
	155,537	139,559
Less: Amounts due for settlement within 12 months	(23,324)	(28,303)
Long-term borrowings reclassified to current portion due to breach of loan covenants	-	(16,951)
	(23,324)	(45,254)
Amounts due for settlement after 12 months	132,213	94,305

24 LONG-TERM BORROWINGS (cont'd)

In 2015, two financial covenants relating to secured borrowings amounting to $16,951,000 of a subsidiary were not met. Subsequent to the end of the reporting period, the Group obtained a waiver of the breach of the loan covenants from the relevant lender which is after the date on which the loan covenants were tested. Consequently, the secured bank borrowings of $16,951,000 was reclassified from non-current liabilities to current liabilities. There is no such breach in loan convenants in 2016.

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 2.17% to 7.60% (2015: 1.41% to 7.60%) per annum.

The Group's long-term borrowings are secured against the development properties (Note 12), completed properties and land held for sale property (Note 13), property, plant and equipment (Note 17), investment properties (Note 18) and corporate guarantees by the Company (Note 25) and the holding company.

On July 6, 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 $29,330,000) (2015: 110,000,000 (equivalent to $40,458,000)) granted to TEE Resources Sdn Bhd by Malaysia Building Society Berhad.

25 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial guarantee liability	1,013	848	3,096	3,570
Less: Amount shown under current liabilities	(382)	(280)	(1,218)	(1,235)
Amount shown under non-current liabilities	631	568	1,878	2,335

Financial guarantee liabilities pertain to the effects of fair value of corporate guarantee on initial recognition provided by the Group and Company on behalf of associates to obtain banking facilities, less amortisation.

26 LONG-TERM LOAN

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Long-term loan	4,050	4,050	-	-
Less: Amount shown under current liabilities	(4,050)	-	-	-
Amount shown under non-current liabilities	-	4,050	-	-

The unsecured long-term loan is repayable to a former joint developer (2015: joint developer), to be repaid upon settlement of final account which is repayable within 12 months (2015: repayable after 12 months) from the end of the reporting date. No interest is charged on the outstanding balance.

The carrying amount of the Group's long-term loan approximates the fair value.

27 TERM NOTES

	Group 2016 $'000	 2015 $'000	Company 2016 $'000	 2015 $'000
Notes issued under MTN Programme, net of issuance costs	29,758	29,577	29,758	29,577

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 October 27, 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% per annum payable semi-annually in arrears. The Notes will mature on October 27, 2017.

As at May 31, 2016, the fair value of term notes is $24,500,000 (2015: $24,438,000) based on a quoted bid price and is classified as Level 1 of the fair value hierarchy.

28 SHARE CAPITAL

	Group and Company 2016 Number of ordinary shares	 2015 Number of ordinary shares	 2016 $'000	 2015 $'000
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.

29 CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations into Singapore dollars 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.

30 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.

31 CAPITAL RESERVE

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

32 NON-CONTROLLING INTERESTS

Included in non-controlling interests is an amount of $13,730,000 (2015: $11,300,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of the subsidiary.

33 REVENUE

	Group	
	2016 $'000	2015 $'000
Sale of development properties – percentage of completion	21,416	53,994
Rental income of investment properties	1,400	1,614
Rental income – holding company (Note 5)	626	-
Rental income – related companies (Note 5)	578	-
Hotel operations	10,869	4,549
	34,889	60,157

34 OTHER OPERATING INCOME

	Group	
	2016 $'000	2015 $'000
Interest income	1,382	2,053
Change in fair value of investment property (Note 18)	-	223
Foreign currency exchange adjustment gain	-	63
Gain on dilution of equity interest in associate (Note 15)	1,254	-
Amortisation of financial guarantee liabilities (Note 6a)	348	137
Government grant	30	19
Management fee income (Note 6a)	135	75
Others	320	125
	3,469	2,695

35 OTHER OPERATING EXPENSES

	Group	
	2016 $'000	2015 $'000
Foreign currency exchange adjustment loss	508	2,110
Property, plant and equipment written off	-	53
Allowance for diminution in value on completed properties and land held for sale (Note 13)	534	518
Impairment loss on property, plant and equipment (Note 17)	-	168
Allowance for doubtful other receivable (Note 9)	-	3,374
Loss on dissolution of joint development (Note 41)	2,911	-
	3,953	6,223

36 FINANCE COSTS

	Group	
	2016 $'000	2015 $'000
Interest on loans	7,445	6,149
Less: Amounts included in the cost of development properties, completed properties and land held for sale and property, plant and equipment (Notes 12, 13 and 17)	(2,448)	(3,071)
	4,997	3,078
Borrowing costs	-	561
	4,997	3,639

37 INCOME TAX (CREDIT) EXPENSE

	Group 2016 $'000	 2015 $'000
Current tax expense:		
– On the profit for the financial year	2,529	1,569
– Under (Over) provision in prior years	20	(69)
Deferred tax expense (Note 19):		
– Credit for the financial year	(3,162)	(314)
– Overprovision in prior years	-	(1)
Withholding tax	434	55
	(179)	1,240

Domestic income tax is calculated at 17% (2015: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2016 $'000	 2015 $'000
Profit before tax	6,833	10,216
Less: Share of results of associates (Note 15)	(14,737)	(9,992)
	(7,904)	224
Tax at the domestic income tax rate of 17% (2015: 17%)	(1,344)	38
Tax effect of expense that are not deductible in determining taxable profit	587	1,233
Deferred tax benefit not recognised	170	882
Exempt income	(39)	(26)
Withholding tax	434	55
Effect of tax losses disallowed	36	377
Effect of different tax rates of overseas subsidiaries operating in other jurisdictions	(47)	(1,110)
Effect of tax concessions	(6)	(80)
Under (Over) provision in prior years	20	(70)
Others	10	(59)
	(179)	1,240

38 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2016 $'000	2015 $'000
Directors' remuneration:		
Directors of the Company	1,133	1,346
Directors of the subsidiaries	13	13
Employee benefits expense (including directors' remuneration)	6,802	5,135
Costs of defined contribution plans included in employee benefits expense	161	132
Cost of development properties recognised as cost of sales	16,801	38,270
Audit fees:		
Auditors of the Company		
– Current	177	175
– Overprovision in respect of prior year	-	(1)
Other auditors		
– Current	139	106
– (Over) Under provision in respect of prior year	(5)	12
Non-audit fees:		
Auditors of the Company		
– Current	38	33
– Underprovision in respect of prior year	9	5

39 EARNINGS PER SHARE

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

	Group	
	2016 $'000	2015 $'000
Profit attributable to owners of the Company	7,331	11,086

	2016	2015
	Number of shares ('000)	
Number of ordinary shares for purposes of earnings per share	446,876	446,876

There are no dilutive ordinary shares for 2016 and 2015.

40 DIVIDENDS

	Group and Company	
	2016 $'000	2015 $'000
Paid final tax exempt (one-tier) dividend of 0.61 cent (2015: 0.75 cent) per ordinary share	2,726	3,352
Paid interim tax exempt (one-tier) dividend of 0.22 cent (2015: 0.44 cent) per ordinary share	983	1,966
	3,709	5,318

41 DISSOLUTION OF JOINT DEVELOPMENT

As referred to in Note 9 to the financial statements, 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, in May 2016, the Group dissolved the joint development. All the unsold units in The Peak @ Cairnhill II and The Peak @ Cairnhill I are transferred to the joint developer and the Group respectively.

Name of property/location	Description	Tenure	Estimated percentage of completion	Year to be completed	Land area (sq m)	Gross floor area (sq m)
Property in the course of development:						
The Peak @ Cairnhill II 55, 57, 59 and 61 Cairnhill Circle, Singapore	60 units of residential apartment	Freehold	100%	December 2015	1,509	4,642

Details of the Peak @ Cairnhill II are as follows:

Carrying amounts of net assets

	2016 $'000
Current assets	
Completed properties held for sale	25,670
Other receivables	55
Cash and bank balances	279
Total current assets	26,004
Non-current liabilities	
Long-term borrowings	(18,360)
Total non-current liabilities	(18,360)
Current liabilities	
Trade payables	(9)
Other payables	(1,424)
Total current payables	(1,433)
Net assets derecognised	6,211

41 DISSOLUTION OF JOINT DEVELOPMENT (cont'd)

Details of The Peak @ Cairnhill I are as follows:

Assets acquired and liabilities assumed

	2016 $'000
Current assets	
Completed properties held for sale	18,098
Other receivables	32
Cash and bank balances	1,310
Total current assets	19,440
Non-current liabilities	
Long-term borrowings	(9,682)
Total non-current liabilities	(9,682)
Current liabilities	
Trade payables	(77)
Other payables	(1,719)
Total current liabilities	(1,796)
Net assets acquired and liabilities assumed	7,962

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

	2016 $'000
Net assets derecognised	(6,211)
Net assets acquired and liabilities assumed	7,962
Writte off of receivables due from joint developer (Note 9)	(4,662)
Loss on dissolution of joint development (Note 35)	(2,911)

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

	2016 $'000
Cash and cash equivalents outflow	(279)
Cash and cash equivalents inflow	1,310
Cash and cash equivalents arising from dissolution of joint development	1,031

42 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2016 $'000	2015 $'000
Minimum lease payments under operating leases recognised as expense in the year	287	197

Operating lease payments represent rentals payable by the Group for its office premises.

At the end of the reporting period, the Group and the Company do not have outstanding commitments under non-cancellable operating leases.

The Group as lessor

Rental income earned during the year was $2,604,000 (2015: $1,614,000).

At the end of the reporting period, the Group have contracted with tenants for the following future minimum lease payments:

	Group	
	2016 $'000	2015 $'000
Within one year	291	-
In the second to fifth year inclusive	333	-
Total	624	-

43 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

The employees of TEE Land Limited and certain of its subsidiaries are members of state-managed retirement benefit plans. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expenses recognised in profit or loss of $161,000 (2015: $132,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at May 31, 2016, contributions of $39,000 (2015: $24,000) due in respect of current financial year had not been paid over to the plans. The amount were paid subsequent to the end of the reporting period.

44 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 Investment 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 private residential 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. 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.

Information regarding each of the Group's reportable segments is presented below.

44 SEGMENT INFORMATION (cont'd)

	Corporate and others		Property Development		Hotel Operations		Investment Properties		Eliminations		Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Segment revenue												
External sales	1,204	-	21,416	53,994	10,869	4,549	1,400	1,614	-	-	34,889	60,157
Intercompany sales	480	-	-	-	-	-	753	836	(1,233)	(836)	-	-
Total revenue	1,684	-	21,416	53,994	10,869	4,549	2,153	2,450	(1,233)	(836)	34,889	60,157
Segment results												
Segment results	5,506	6,888	469	5,038	1,361	(138)	333	905	(10,576)	(8,830)	(2,907)	3,863
Share of results of associates	-	-	14,737	9,992	-	-	-	-	-	-	14,737	9,992
Finance costs	(2,352)	(1,159)	(364)	(352)	(2,053)	(1,758)	(228)	(532)	-	162	(4,997)	(3,639)
Profit (Loss) before tax	3,154	5,729	14,842	14,678	(692)	(1,896)	105	373	(10,576)	(8,668)	6,833	10,216
Income tax (expense) credit	(118)	(55)	89	(1,711)	237	568	(29)	(42)	-	-	179	(1,240)
Profit (Loss) for the year	3,036	5,674	14,931	12,967	(455)	(1,328)	76	331	(10,576)	(8,668)	7,012	8,976
Profit attributable to:												
Owners of the Company	3,036	5,674	15,091	14,586	(250)	(730)	30	224	(10,576)	(8,668)	7,331	11,086
Non-controlling interests	-	-	(160)	(1,619)	(205)	(598)	46	107	-	-	(319)	(2,110)
Profit (Loss) for the year	3,036	5,674	14,931	12,967	(455)	(1,328)	76	331	(10,576)	(8,668)	7,012	8,976

44 SEGMENT INFORMATION (cont'd)

	Corporate and others		Property Development		Hotel Operations		Investment Properties		Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Segment assets										
Segment assets	34,489	9,806	243,497	270,068	67,438	57,234	10,222	10,584	355,646	347,692
Investment in associates	-	-	47,667	36,066	-	-	-	-	47,667	36,066
Deferred tax assets	-	-	1,716	705	746	531	181	96	2,643	1,332
Total assets	34,489	9,806	292,880	306,839	68,184	57,765	10,403	10,680	405,956	385,090
Segment liabilities										
Segment liabilities	(3,970)	(3,329)	(32,440)	(24,162)	(909)	(1,441)	(972)	(1,009)	(38,291)	(29,941)
Loans and borrowings	(45,343)	(29,577)	(102,726)	(117,151)	(39,298)	(32,426)	(5,155)	(5,612)	(192,522)	(184,766)
Current and deferred tax liabilities	(27)	-	(3,438)	(3,206)	-	-	(210)	(95)	(3,675)	(3,301)
Total liabilities	(49,340)	(32,906)	(138,604)	(144,519)	(40,207)	(33,867)	(6,337)	(6,716)	(234,488)	(218,008)
Net (liabilities) assets	(14,851)	(23,100)	154,276	162,320	27,977	23,898	4,066	3,964	171,468	167,082
Other information										
Depreciation of property, plant and equipment	687	-	337	371	2,239	1,332	26	29	3,289	1,732
Fair value gain on investment properties	-	-	-	-	-	-	-	(223)	-	(223)
Allowance for doubtful receivable	-	-	-	3,374	-	-	-	-	-	3,374
Loss on dissolution of joint development	-	-	2,911	-	-	-	-	-	2,911	-
Gain on dilution of equity in associates	-	-	(1,254)	-	-	-	-	-	(1,254)	-
Impairment loss of property, plant and equipment	-	-	-	168	-	-	-	-	-	168
Purchase of property, plant and equipment	94	-	73	13,868	15,787	55,134	11	15	15,965	69,017
Allowance for diminution in value of development properties	-	-	534	518	-	-	-	-	534	518

44 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) are analysed based on the location of those assets.

	Revenue		Non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	5,566	50,804	84,909	91,248
New Zealand	1,398	1,614	9,858	10,196
Australia	10,871	4,549	65,676	53,890
Vietnam	-	-	-	416
Malaysia	17,054	3,190	785	1,195
	34,889	60,157	161,228	156,945

Information about major customers:

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

45 EVENT AFTER THE REPORTING PERIOD

(a) On July 11, 2016, the Group announced that its subsidiary Development 35 Pte. Ltd. has completed the acquisition of the property situated on freehold land at 20 Lorong 35, Geylang Singapore and the purchase consideration for the acquisition is S$20,000,000.

(b) Subsequent to the end of the reporting period, the directors of the Company recommended a final tax exempt dividend of 0.41 cent per ordinary share amounting to $1,832,000 for the financial year ended May 31, 2016. The dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events after the Reporting Period*.

(c) On June 9, 2016, the Group's associate in Thailand, Chewathai Public Company Limited ("Chewathai"), acquired the land and building known as AQ Aria Asoke located at Makkasan Sub-district, Ratchathewi District, Bangkok ("Project") for $22,561,000 (THB586,000,000). The Project is a 29-storey building comprising 315 residential units and one commercial unit. The acquisition is in the normal course of business of Chewathai. The objective of this acquisition is for development of the Project until completion and subsequent sale of all the units.

46 INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT

In April 2012, the holding company announced that it has been informed by Mr. Bertie Cheng Shao Shiong, the Independent Director and Non-Executive Chairman of the holding company, and Mr. Phua Chian Kin, the Group Chief Executive and Managing Director of the holding company that they are the subject of investigation by the Commercial Affairs Department ("CAD") on possible contravention of market rigging provisions in the Securities and Futures Act (Chapter 289). Mr. Cheng and Mr. Phua have indicated that they will cooperate fully with the CAD in its investigation, and are providing CAD with access to the relevant records for the period from July 1, 2008 to March 31, 2009.

To its best knowledge, the Board of Directors of the Company is not aware of any information that would suggest that the CAD investigation might have a material impact on the Group and the Company.

STATISTICS OF SHAREHOLDINGS

As at 24 August 2016

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	222	7.50	5,940	0.00
100 - 1,000	637	21.53	316,683	0.07
1,001 - 10,000	1,296	43.80	5,941,366	1.33
10,001 - 1,000,000	784	26.49	50,303,751	11.26
1,000,001 and above	20	0.68	390,308,260	87.34
Total	2,959	100.00	446,876,000	100.00

LIST OF TWENTY LARGEST SHAREHOLDERS

As at 24 August 2016

No.	Name of Shareholders	No. of Shares	%
1.	TEE International Limited	242,777,678	54.33
2.	Hong Leong Finance Nominees Pte Ltd	55,910,147	12.51
3.	Sing Investment & Finance Nominees Pte Ltd	17,502,000	3.92
4.	CIMB Securities (Singapore) Pte Ltd	10,979,596	2.46
5.	Maybank Kim Eng Securities Pte Ltd	10,574,551	2.37
6.	Tommie Goh Thiam Poh	10,000,000	2.24
7.	Maybank Nominees (S) Pte Ltd	7,634,000	1.71
8.	Citibank Nominees Singapore Pte Ltd	7,095,257	1.59
9.	Phua Cher Chew (Pan Ziqiu)	4,261,537	0.95
10.	DBS Nominees Pte Ltd	3,307,140	0.74
11.	OCBC Securities Private Ltd	3,267,082	0.73
12.	Jeremy Lee Sheng Poh	3,100,000	0.69
13.	UOB Kay Hian Pte Ltd	2,511,306	0.56
14.	Raffles Nominees (Pte) Ltd	2,296,043	0.51
15.	Phillip Securities Pte Ltd	2,244,493	0.50
16.	Lincoln Capital Pte. Ltd.	1,831,154	0.41
17.	Ang Jui Khoon	1,440,327	0.32
18.	Tan Su Kiok or Sia Li Wei Jolie (She Liwei Jolie)	1,297,866	0.29
19.	Lee Bee Wah	1,177,233	0.26
20.	Tan Su Lan @ Tan Soo Lung	1,100,850	0.25
	Total	390,308,260	87.34

STATISTICS OF SHAREHOLDINGS

As at 24 August 2016

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)	22,005,593	4.92	283,879,428	63.53
Hong Leong Finance Nominees Pte Ltd	55,910,147	12.51	-	-

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 1,101,750 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 24 August 2016, approximately 30.02% 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 Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 23 September 2016 at 9 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 May 2016 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 0.41 Singapore cents per ordinary share for the financial year ended 31 May 2016 (2015: 0.61 Singapore cents per ordinary share).

   (Resolution 2)

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

Ms. Saw Chin Choo	**(Resolution 3)**
Dato Paduka Timothy Ong Teck Mong	**(Resolution 4)**
Mr. Tan Khee Giap	**(Resolution 5)**

4. To approve the payment of Directors' fees of up to S$342,000/- for the financial year ending 31 May 2017, to be paid in arrears (FY2016: S$297,300/-).

   (Resolution 6)

5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 7)

6. 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:

7. **SHARE ISSUE MANDATE**

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**"), authority be given to the Directors of the Company to issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise, and/or 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 to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company ("**Shareholders**") shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, after adjusting for:

  (i) new Shares arising from the conversion or exercise of convertible securities;

  (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

  (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities.

[See Explanatory Note (i)] **(Resolution 8)**

8. **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) in the capital of the Company from time to time.

[See Explanatory Note (ii)] **(Resolution 9)**

9. **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 ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Company's Annual Report dated 8 September 2016 (the "**Appendix**")], with any party who is of the class of interested persons described in the Letter, 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 such interested person transactions as set out in the Appendix (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in 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 expedient, desirable or necessary in the interests of the Company to give effect to the IPT Mandate.

[See Explanatory Note (iii)] **(Resolution 10)**

By Order of the Board

Ng Tah Wee
Lai Foon Kuen
Company Secretaries

Singapore, 8 September 2016

Explanatory Notes on Resolutions to be passed:

(i) Ordinary Resolution 8, if passed, will empower the Directors from the date of the above meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(ii) Ordinary Resolution 9, 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) 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 10, if passed, will renew the general mandate approved by Shareholders of the Company on 29 September 2015 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 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.

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 Singapore)
(Company Registration No. 201230851R)

IMPORTANT:
CPF Investors
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of "relevant intermediary".
2. For investors who have used their CPF monies to buy Shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy
3. 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

*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 Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 23 September 2016 at 9 a.m. 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	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 May 2016		
2	Payment of proposed final dividend		
3	Re-election of Ms. Saw Chin Choo as a Director		
4	Re-election of Dato Paduka Timothy Ong Teck Mong as a Director		
5	Re-election of Mr. Tan Khee Giap as a Director		
6	Approval of Directors' fees of S$342,000/- for the financial year ending 31 May 2017		
7	Re-appointment of Deloitte & Touche LLP as Auditors		
8	Share Issue Mandate		
9	Authority to allot and issue shares under the TEE Land Performance Share Plan and TEE Land Employee Share Option Scheme		
10	Renewal of the Mandate for Interested Person Transactions		

* Delete where inapplicable

Dated this ________ day of ____________________ 2016

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.

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

TEE Building
25 Bukit Batok Street 22
Singapore 659591