SOARING **INTO THE NEXT ERA**

TEE International Limited Annual Report 2015

TEE

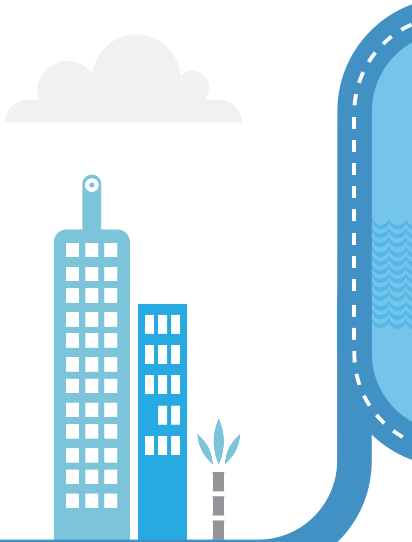
OUR VISION

We aim to be among the best and the preferred choice in the industry.

OUR MISSION

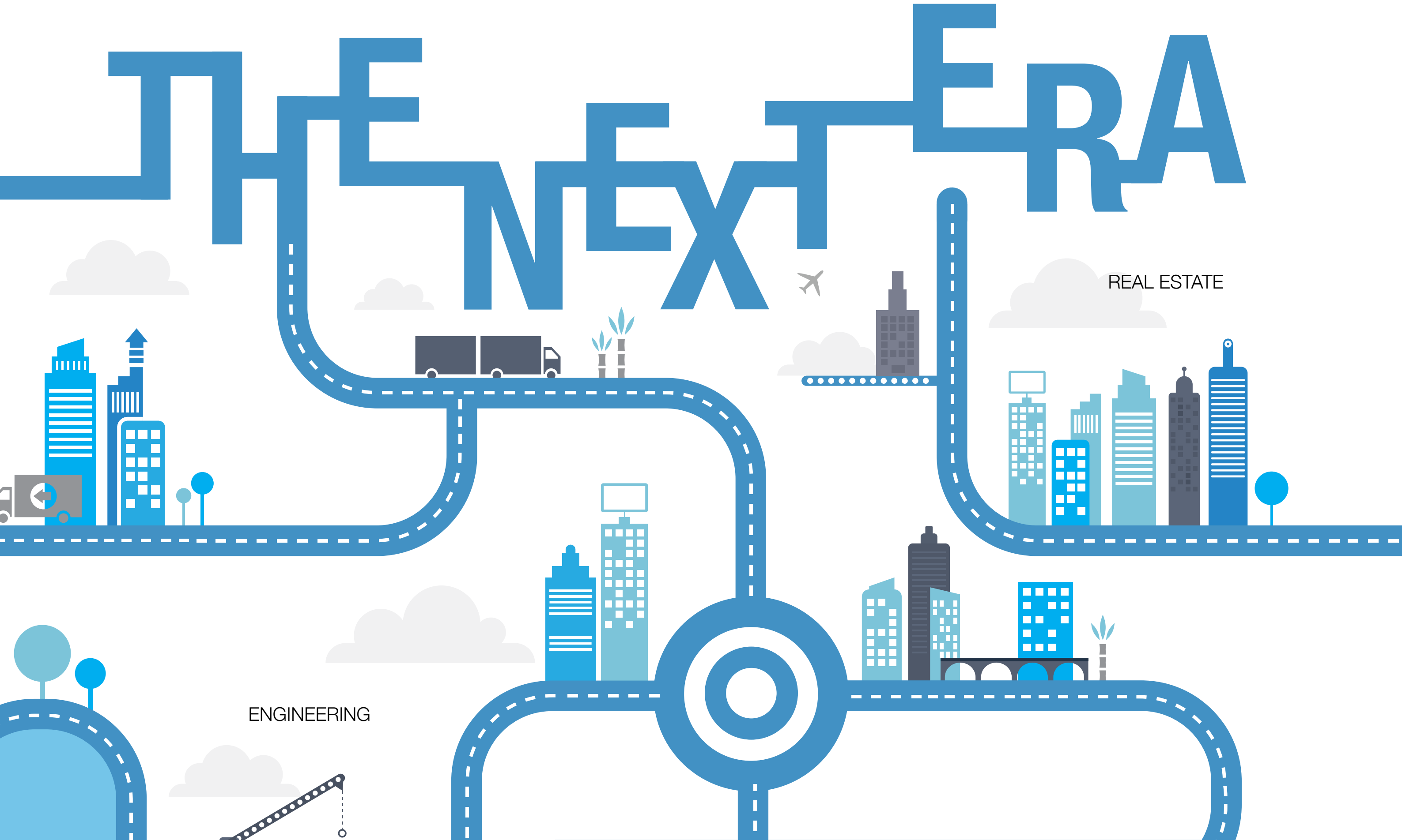
We strive to be a leading Integrated Engineering, Real Estate and Infrastructure Group recognised for our quality and value-added services, cost competitiveness; and backed by people with a devotion to quality service delivery and the tenacity to face challenges.

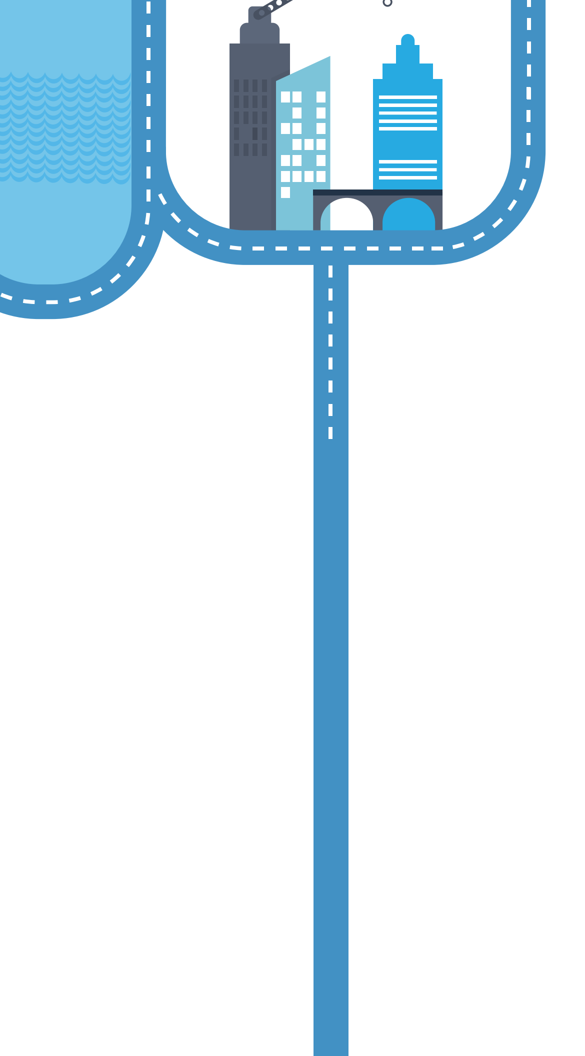
CONTENTS



ABOUT THE 2015 ANNUAL REPORT

This year's annual report reflects TEE Group's commitment and passion to grow. As TEE moves into its 25th year, it is embarking on the next chapter of its growth journey. TEE International continues to enhance its capabilities, deliver its promise of quality, and empower its people.





ABOUT TEE INTERNATIONAL

Established in the 1980s, TEE International Limited ("TEE" or together with its subsidiaries and associated companies, "TEE Group") has grown from a general electrical contractor to an established Integrated Engineering, Real Estate and Infrastructure Group. With its operations spanning in Singapore, Thailand, Malaysia, Hong Kong, Australia and New Zealand, TEE Group continues to focus on its core Engineering specialisation to grow its Infrastructure business alongside its complementary Real Estate business.

TEE Group has established a strong track record in delivering quality and value-added integrated solutions to its customers. Anchored on strong brand position, TEE has been able to maintain a consistent order book both locally and regionally.

With its people at the centre of the TEE Group's business model, TEE has expanded its regional presence in the Asia-Pacific either directly by TEE Group or through strategic partnerships and acquisitions.

Listed on the Stock Exchange of Singapore Dealing and Automated Quotation System "SESDAQ" (now known as the SGX Catalist) in 2001, TEE was upgraded to the SGX Mainboard in 2008.

TEE AT A GLANCE

OUR DISTINCTIVE PORTFOLIO

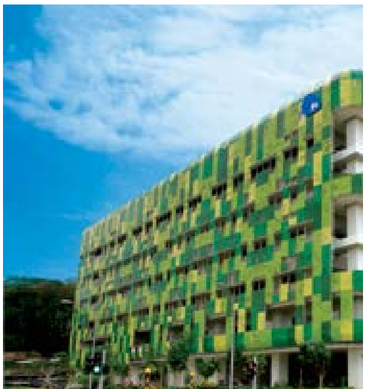
Frasers Tower
Artist Impression

Asia Square Tower I

Raffles Education Corporation

Marina One Singapore
Artist Impression

P&G Innovation Centre



NTU - CleanTech Park I

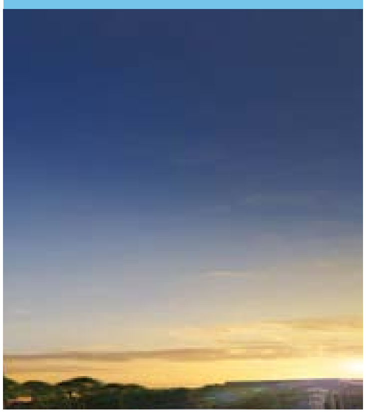
Aura 83

Workotel

Bang Sue Wastewater Treatment Plant

Third Avenue, Cyberjaya
Artist Impression

Chewathai Interchange
Artist Impression



CMC Communications

91 Marshall Road

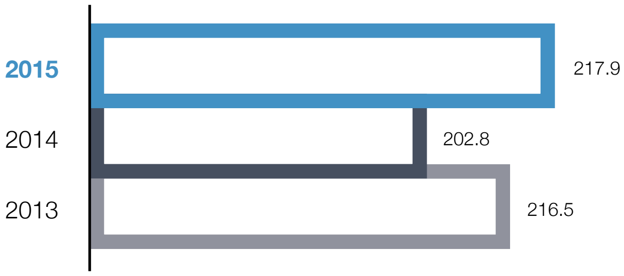
Junction 8

Bang Poo Waste Water Treatment Plant

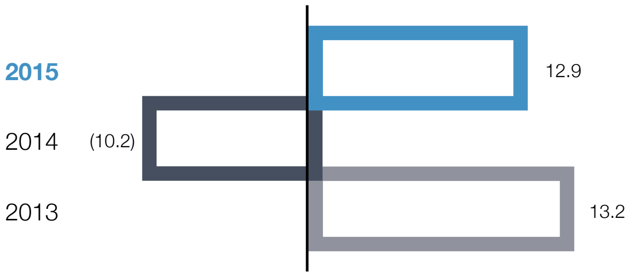
GROUP FINANCIAL HIGHLIGHTS

DRIVING POSITIVE RESULTS

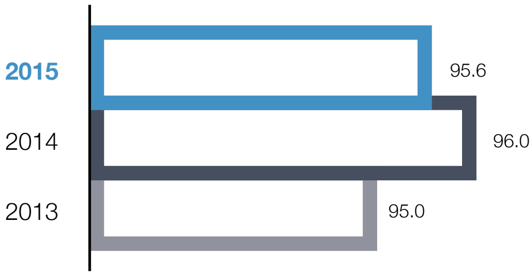
REVENUE
(S$m)



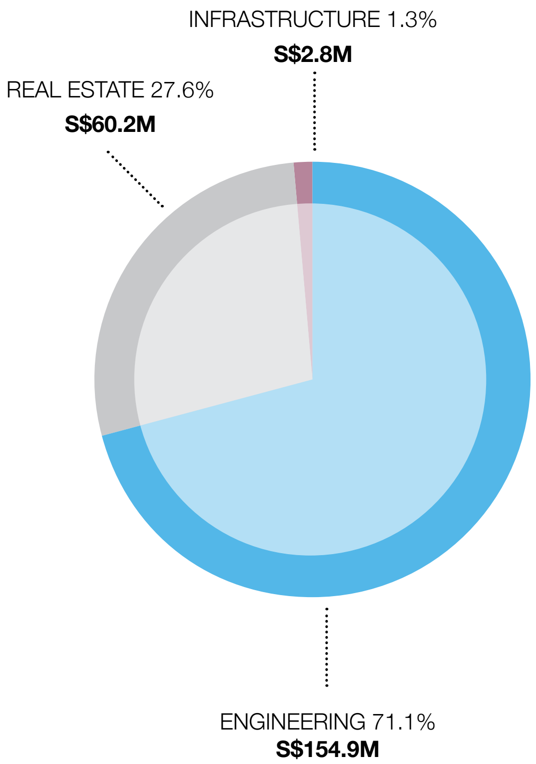
NET PROFIT (LOSS) FOR THE YEAR
(S$m)



SHAREHOLDER'S EQUITY
(S$m)



REVENUE BREAKDOWN



	2015	2014 (Restated)	2013 (Restated)	2012	2011
FOR THE YEAR					
Revenue (S$'000)	**217,895**	202,823	216,541	143,631	247,172
Gross profit (S$'000)	**35,862**	2,508	31,831	31,152	29,358
Gross profit margin (%)	**16.5**	1.2	14.7	21.7	11.9
Earnings (Loss) before interest, tax, depreciation and amortisation (EBITDA) (S$'000)	**23,079**	(5,773)	20,329	22,421	20,407
Operating profit (S$'000) (EBIT)	**19,701**	(7,405)	18,269	21,853	20,275
Profit (Loss) before tax (S$'000)	**15,074**	(8,317)	17,995	22,195	19,114
Pre-tax profit margin (%)	**6.9**	(4.1)	8.3	15.5	7.7
Profit (Loss) for the year (S$'000)	**12,882**	(10,236)	15,089	19,117	16,396
After-tax profit margin (%)	**5.9**	(5.0)	7.0	13.3	6.6
Profit (Loss) attributable to owners of the company (S$'000)	**11,133**	(13,258)	15,005	19,286	16,990
AT YEAR END (S$'000)					
Current assets	**366,635**	329,132	281,078	171,916	176,730
Total assets	**557,575**	444,105	365,858	241,693	224,448
Current liabilities	**233,767**	180,354	174,796	102,402	103,180
Total liabilities	**395,389**	301,776	263,640	167,388	165,473
Total debts (including finance lease)*	**256,677**	212,009	165,530	103,411	81,645
Equity attributable to owners of the company	**95,565**	96,038	94,990	75,635	60,153
Total equity	**162,186**	142,329	102,218	74,305	58,975
Number of shares as at 31 May	**503,222,297**	493,025,721	466,228,410	372,288,998	343,759,998
* Excluding long-term loan of S$4,050,000 due to a joint developer					
PROFITABILITY RATIOS					
Return on shareholders' equity (%)	**11.6**	(13.8)	15.8	25.5	28.2
Return on total assets (%)	**2.0**	(3.0)	4.1	8.0	7.6
LEVERAGE RATIOS					
Long-term debt to equity ratio (times)	**0.95**	0.8	0.8	0.8	1.0
Total debts to equity ratio (times)	**1.6**	1.5	1.6	1.4	1.4
Interest cover (times)	**2.8**	(2.2)	7.9	14.3	9.4
LIQUIDITY ANALYSIS RATIOS					
Current ratio (times)	**1.6**	1.8	1.6	1.7	1.7
Net asset value per share (cents)	**19.0**	19.5	20.4	20.3	17.5
SHAREHOLDERS' INVESTMENT RATIOS					
Earnings (Loss) per share - basic (cents)	**2.24**	(2.75)	3.56	5.39	5.46
Gross dividend per share (cents)	**2.50**	0.95	3.15	2.35	2.25
Dividend cover (times)	**0.9**	(2.9)	1.1	2.3	2.4
PRODUCTIVITY					
Number of employees	**456**	494	795	336	360
Revenue/employees (S$'000)	**477.8**	410.6	272.4	427.5	686.6
Number of employees (exclude workers)	**296**	248	226	218	193
Revenue/employees (S$'000)	**736.1**	817.8	958.1	658.9	1,280.7

MOVING WITH PROVEN EXPERTISE

What continues to underpin our consistent performance, is our ability to focus on our strategic thrusts: capitalising on our capabilities, enhancing our synergies and strengthening our overseas foothold.

Always adopting a proactive stance, we will be executing our strategies with the focus to dictate the pace and widen the extent of our growth.

OUR STRATEGIC FOCUS

ENHANCING OUR COMPETITIVE EDGE

1

LEVERAGING ON CORE FUNDAMENTALS IN ENGINEERING

At TEE, we take pride in the quality of our projects and our ability to deliver on time for our clients. As such, our Engineering business has established a track record in delivering large-scale and complex engineering projects for internationally recognised clients. Coupled with our ability to secure projects from reputable and repeat clients, we have established a competitive advantage over international and domestic competitors. TEE Group continues to harvest the capabilities of a dedicated and experienced management team as we continually bid for sizable projects with a balance of high-value and complex engineering components.

2

INTEGRATED BUSINESS PLATFORM ENHANCES BUSINESS SYNERGIES

Through an integrated business platform that is made up of our three main businesses, Engineering, Real Estate and Infrastructure businesses, we are able to create synergies and value for TEE Group. By virtue of our established track record and capabilities built from Engineering business, we are able to grow and expand into complementary businesses and new markets, where we can tap on our existing business network in the region.

To ensure sustainable growth, TEE is focused on growing its real estate developments through its Real Estate business, TEE Land, where we are able to develop and unlock potential investment value in the region. Furthermore, we are strategically building up our Infrastructure business portfolio, thereby creating a concerted effort to enhance business opportunities for the Engineering and Real Estate businesses. As such, we will prudently select, acquire, build and manage Infrastructure projects with the aim to build a long-term recurring income, while enjoying the immediate benefit of adding these projects to our engineering order book.

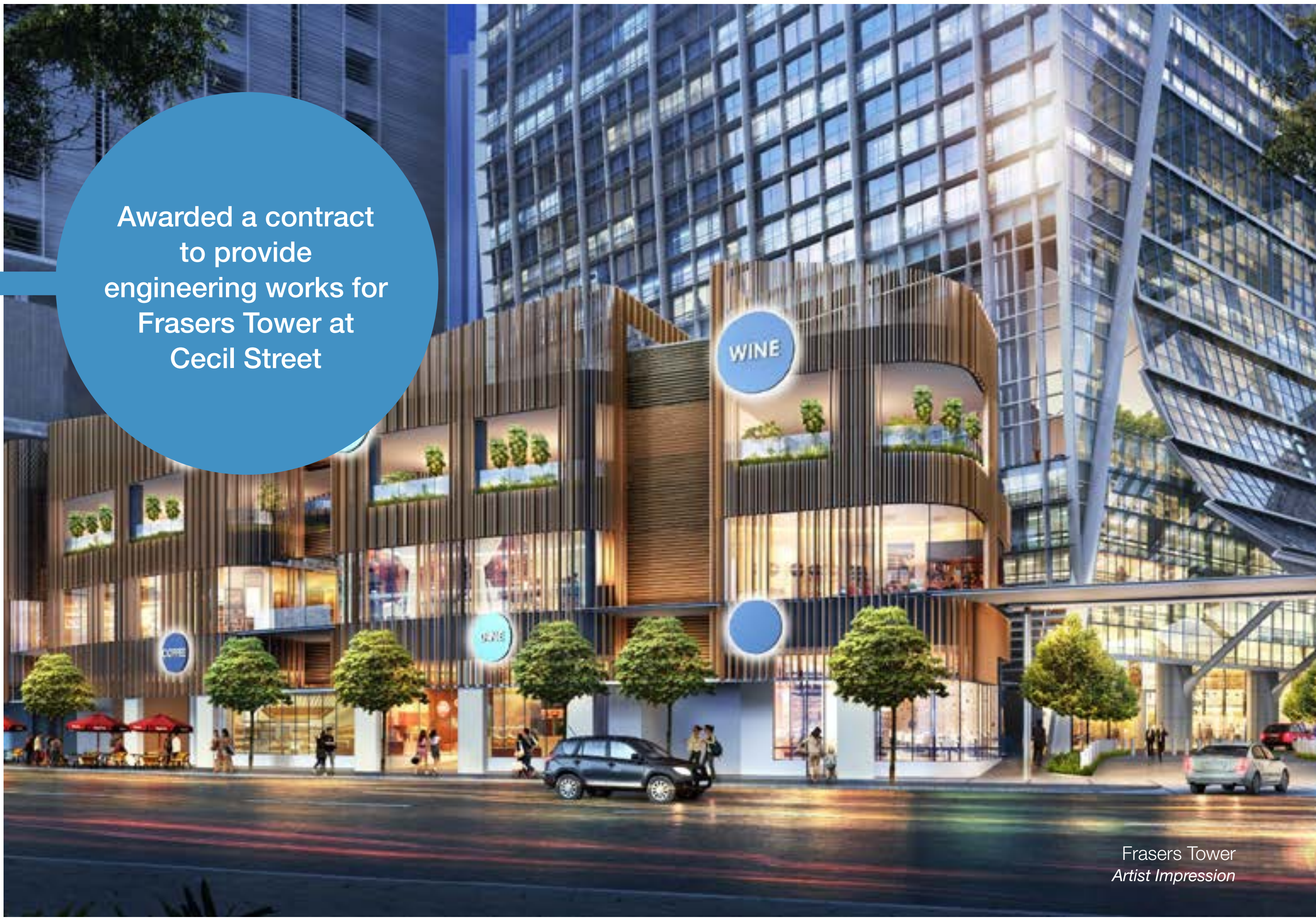
3

STRENGTHENING FOOTHOLD IN OVERSEAS MARKETS

Over the years, TEE Group has established its presence in the Asia-Pacific region such as geographic markets including Malaysia, Thailand, the Philippines, China, Hong Kong, Macao, Australia and New Zealand via our various businesses. Today, we will continue to strengthen our position in markets we have entrenched a foothold in, by actively tapping on existing relationships with joint venture partners and business associates in the region.

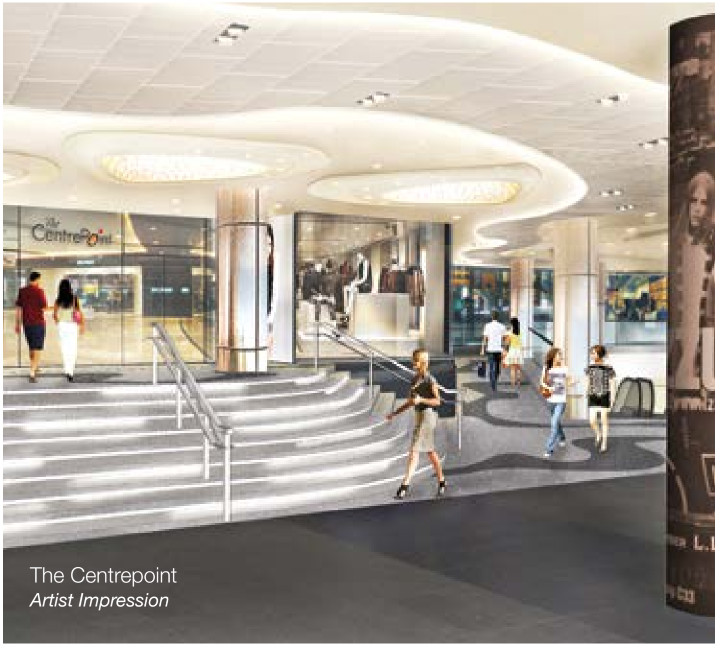
Marina Bay Sands

ENGINEERING



Awarded a contract to provide engineering works for Frasers Tower at Cecil Street

Frasers Tower
Artist Impression


The Centrepoint
Artist Impression


Tampines Town Hub
Artist Impression

TEE's proven track record in delivering quality and value-added services, has won strong accolades from our clients. With our strong brand position, TEE has been able to secure prominent projects locally, in ASEAN, as well as in the Greater China region.

Established in 1991, it has since grown into an integrated engineering solutions provider for retail and commercial buildings, institutional buildings, factories, research facilities, residential apartments as well as infrastructure facilities ("Engineering business"). TEE's Engineering business offers a full suite of high-value engineering solutions based on international standards that are adopted for large-scale and complex commercial building projects. Our professional and technical team also provides one-stop design and build package alongside project management that meet clients' requirements.

Our major clients over the years include SMRT, CapitaLand, Citibank NA, Las Vegas Sands Group, Changi Airport Group, National University of Singapore, Nanyang Technological University, Hyundai Engineering and Construction etc. Majority of them are repeat clients, which bear testimony to TEE's work quality and ability to deliver.

MECHANICAL AND ELECTRICAL ("M&E") DIVISION

TEE's M&E Engineering division primarily undertakes large-scale and complex engineering projects as well as infrastructure-related projects. It possesses the expertise and experience to offer a complete suite of engineering services from design to final completion of projects.

These engineering services include Electrical, Air Conditioning & Mechanical Ventilation, Plumbing & Sanitary, Fire Protection, Extra Low Voltage, Integrated Building Management System and Plants & Processes.

BUILDING AND CONSTRUCTION DIVISION

TEE's Building & Construction division provides Turnkey solutions for commercial, industrial and institutional buildings through its wholly-owned subsidiary PBT Engineering Pte. Ltd. ("PBT"). Other than general building works, PBT is well-known in the industry for mission critical Addition & Alteration ("A&A") works.

Engineering services undertaken by PBT include Sub Structure, Super Structure, Civil, and Architecture & Interior Decoration. Coupled with TEE's M&E capability, the Building & Construction division is able to offer economies of scale for time and costs to our clients.


Hilbre 28
Artist Impression


Chewathai Residence
Artist Impression

REAL ESTATE

REAL ESTATE BUSINESS

TEE Group has an established track record in delivering quality and well-designed residential property developments ("Real Estate business") via a majority owned listed subsidiary, TEE Land Limited ("TEE Land"). TEE Land, is a regional real estate developer with property development projects pre-dominantly freehold in tenure, and are targeted at middle-to-high income consumers who value exclusivity in good locations.

Completed 7 Real Estate projects in FY2015

Leveraging on its experience and expertise in property development in Singapore, TEE Land has also extended its geographical reach to Malaysia, Thailand, Australia and New Zealand. By incorporating core expertise and past experience from TEE Group's Engineering business, TEE Land brings better value property development to its customers via more effective project management system that translates to good and timely execution of projects in all the developments.

TEE Land's strategic focus is to increase its exposure in residential, commercial and industrial development projects, while concurrently expanding its income generating portfolio of properties. Some of the more notable recent developments for FY2015 include the acquisition of an existing 4-star boutique Diamant Hotel, now rebranded as the Larmont Hotel, in Sydney and the Thistle Guest House in Christchurch, New Zealand.

INFRASTRUCTURE AND INFRASTRUCTURE-RELATED BUSINESS

With TEE Group's experience in large-scale engineering projects and its track record in facilities management, investing into infrastructure and infrastructure-related projects and assets ("Infrastructure business") is a natural extension of and complementary to the Engineering business.

TEE's wholly owned subsidiary, TEE Infrastructure Private Limited ("TEE Infrastructure") was established to offer comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services throughout Asia-Pacific. This includes the delivery of engineering services across the full life cycle, from project feasibility and funding advisory through design and build, to funding, operate and maintenance. TEE Infrastructure is actively seeking to build up its infrastructure assets mainly related to water, power and infocommunications, through investing in assets and development of greenfield projects across Asia Pacific.

Through a joint venture partner in Thailand, TEE owns a 49% stake in Global Environmental Technology Co., Ltd. ("GETCO"). GETCO is one of Thailand's largest waste water treatment companies, with a total capacity of 350 million litres per day, serving commercial, industrial, business and residential communities. It currently operates two wastewater treatment plants in Thailand including Bangkok's first underground waste water treatment plant in Bang Sue.

TEE also expanded into the infocommunications industry through its listed associated company, CMC Infocomm Limited ("CMC Infocomm"). Listed on the SGX Catalist in August 2015, CMC Infocomm is a regional integrated and innovative communications solutions and services provider with operations in Singapore, Thailand and the Philippines. Its comprehensive solutions and services encompass a wide spectrum of solutions and services in the telecommunications value chain to provide seamless access to wireless connectivity for mobile device users.

In FY2015, TEE ventured into the power business through a 21.05% investment in PowerSource Philippines Distributed Power Holdings, Inc.. Through this investment, TEE made its maiden foray into the Philippines to own and construct a 25 Megawatt green-field power plant.

INFRASTRUCTURE & INFRASTRUCTURE-RELATED BUSINESS

ADVANCING WITH SOUND STRATEGIES

S$455 million

Total Unfulfilled Order Book (FY2015)

In harnessing our world-class engineering capabilities and our reputation for high-quality solutions, we at TEE have built a solid trust proposition with our clients. TEE has become not only a trusted partner to customers, but also an organisation we are proud to be part of.

Our experience with a wide range of projects gives us the confidence to solve problems innovatively and deftly – and keeps us open to new opportunities to grow.

CHAIRMAN'S MESSAGE

POISED FOR NEW HEIGHTS

Mr. Bertie Cheng
Chairman and Independent Director

Together, we can drive business excellence to strengthen our foundation for the future.

2015 marks not only the joyous SG50 Golden Jubilee for Singapore, but also another fruitful year for TEE Group. TEE started out as an electrical contractor with just a two-man team carrying out general electrical engineering works, about 25 years ago. Today, TEE has grown from a pure Engineering company to a listed group that has expanded into complementary businesses in the Real Estate and Infrastructure space.

Together with a dedicated and experienced management team, TEE Group had expanded its footprint beyond Singapore and into the Asia-Pacific region covering Malaysia, Thailand, the Philippines, Hong Kong, Australia and New Zealand. TEE Group's mission is to strive to be a leading Engineering, Real Estate and Infrastructure Group recognised for its quality and value-added services and cost competitiveness.

MOVING INTO A NEW ERA

The structure and economic landscape all over the world is changing at a rapid pace. The need for greener buildings, smarter technology, and sophisticated end-users is the driving force for more Engineering works, in particular, A&A works to refurbish shopping malls, commercial spaces, and institutions, to name a few.

CHAIRMAN'S MESSAGE

TEE's Engineering business has performed well in the area of A&A, as they carried out "Mission Critical" projects that enable clients to have minimal disruptions to their day to day business. TEE is proud to be currently associated in a single largest ongoing M&E project in Singapore, viz., the large-scale M&E project for Marina One Singapore, where TEE was awarded a contract valued at S$142 million in 2013. In addition to this project, TEE's unfulfilled order book of engineering contracts in its various stages, amounted to S$455 million for FY2015. TEE's Engineering business is focused on executing these projects without delay.

Our listed Real Estate subsidiary, TEE Land, remained on its course for growth. They have successfully completed Aura 83, a residential development in Singapore, and increased its land bank in Bangkok, Thailand.

During the year, TEE land had also acquired its second hotel in Sydney, now rebranded as the Larmont Hotel, as well as, Thistle Guest House in New Zealand. These acquisitions augur well with their strategic move to build a recurring income base through income generating properties.

Although the Infrastructure business is in its nascent stage, we have made a good progress in the year under review. TEE had expanded into the energy business and made its maiden foray into the Philippines to invest and construct a 25 Megawatt green-field power plant and to supply electricity.

Another noteworthy development was the listing of its associated company, CMC Infocomm Limited ("CMC Infocomm"). CMC Infocomm, a regional integrated and innovative communications solutions and services provider was listed on the Catalist Board of the SGX on 13 August 2015.

EMBRACING BOARD DIVERSITY

In support of promoting good corporate governance, TEE Group 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.

DIVIDEND

The Board of Directors has recommended a final dividend of 0.4 Singapore cents per ordinary share and a special dividend of 0.15 Singapore cents per ordinary share, which are subject to shareholders' approval at the forthcoming Annual General Meeting. This is in addition to the interim dividend of 0.18 Singapore cents per ordinary share paid in January 2015 and the completion of the special dividend in specie of 1 TEE Land share for every 15 TEE shares held by entitled shareholders in May 2015.

NOTE OF APPRECIATION

On behalf of the Board, I wish to express my deep appreciation to all stakeholders who have been instrumental in the success of TEE Group over the past years, the customers, business associates, management team, staff and shareholders.

I extend my sincere thanks to the management team and employees of TEE Group, whose dedicated commitment and efforts have helped us achieved so much last year.

Under the stewardship of our Group Chief Executive & Managing Director, Mr C K Phua, we will grow from strength to strength in building our core businesses and nurture new growth opportunities in Singapore and beyond.

Last but not least, I wish to thank the Board of Directors for their invaluable guidance and commitment for the year. Together, we can drive business excellence to strengthen our foundation for the future, and scale new heights for TEE Group and all our stakeholders.

Bertie Cheng
Chairman and Independent Director

GROUP CHIEF EXECUTIVE & MANAGING DIRECTOR'S MESSAGE

ON TRACK FOR GROWTH

Mr. C K Phua
Group Chief Executive & Managing Director

As we celebrate SG50, a Golden Jubilee for Singapore, we look back at how a tiny nation has transformed into a modern garden city of today. Similarly for TEE, we have grown and evolved to become an enlarged group with three core businesses – Engineering, Real Estate and Infrastructure. We are in the business for nearly 25 years now, and we make it a point to stay relevant, in order to keep pace with the ever changing business and economic landscape.

FY2015 was a year of progress for TEE Group. We successfully raised the performance of our businesses in Singapore and the region.

RAISING OUR BUSINESS PERFORMANCE

Our Engineering business team continues to outpace its performance. During the year, TEE's engineering order book hit an all-time high of S$540 million as at the announcement made on 6 May 2015. This year, we have secured new engineering contracts from an established developer to carry out M&E works for the development of Frasers Tower and the A&A works for Centrepoint Shopping Centre. The foundation of our Engineering business will always be our track record of delivering quality services to our clients on time and on schedule. Currently, A&A works for Centrepoint Shopping Centre are underway, and we expect to complete works for level one to three of the mall in time for the festive season.

Out of the S$540 million order book, we recognised revenue of S$85 million in the fourth quarter of FY2015. This brings us to a total unfulfilled engineering order book of S$455 million to date. Within this, there are several notable ongoing projects at different development phases, which include Marina One Singapore, Changi Airport Group, Tampines Town Hub to name a few. As these ongoing projects move into their active phases, we will progressively bill our clients, thereby recognising more revenue going forward. Furthermore, our overseas projects such as M&E works for The Parisian Macao, by the Sands Group and MDIS, Educity@Iskandar are on track, and we are starting to see revenue contribution from these projects.

For the Real Estate business, TEE Land continues to invest strategically for the future and expect investment in the income-generating assets to gradually increase. TEE Land acquired its second hotel now rebranded as the Larmont Hotel in Sydney, Australia and Thistle GuestHouse in New Zealand. It had also completed remodelling works for the rooms of Quality Hotel CKS Sydney Airport, and we expect the returns to improve as we adjust our room rates upwards. These assets not only provide us with a recurring revenue stream,

GROUP CHIEF EXECUTIVE & MANAGING DIRECTOR'S MESSAGE

but also redevelopment potential in the future. In terms of real estate development, TEE Land has launched Hilbre28, a residential development at Hillside Drive. Sale of this development has been encouraging as we observed a good take up for the triplex and duplex units.

TEE Land's early move to diversify its business presence into the region has shown positive results, and they will stay focused on identifying good quality assets to acquire and invest in. To support its enterprise growth, TEE Land is building a balanced portfolio of regional properties. With higher aspirations and broader horizons, we are confident that TEE Land will continue to do well in its current regional markets.

GAINING TRACTION IN NEW AREAS OF GROWTH

Keeping pace with our need for new business reach and diversity, our drive is to explore beyond our boundaries, leading us to a business evolution. We made the decision to venture into the Infrastructure business, and we have learned much over this period of time – how best to leverage our business network and synergies to create value for TEE Group. After going through the start-up phase, we have sharpened our focus on businesses that have gained traction and are able to scale.

Water, Power, and Infocommunications are our key Infrastructure business focus. Our wastewater treatment business in Thailand is now well established and we are in a good stead to gradually expand this business to own and operate more wastewater treatment plants in Bangkok, Thailand. This year, we have forayed into the Philippines to invest in the power business with a strong local partner. Leveraging on our partner's network and expertise, we anticipate this business to scale up over time. We will boost our efforts in growing the Infrastructure business, especially in the ASEAN region.

A noteworthy event in FY2015 was the listing of our associate company, CMC Infocomm Limited ("CMC Infocomm") on SGX Catalist in August. As a regional integrated and innovative communications solutions and services provider, CMC Infocomm is well positioned to grow its business in Singapore and the region.

EMBRACING SUSTAINABILITY

Through the years, we have built a strong regional business network. We continue to replicate strong partnerships with reputable local business partners to first take smaller investment stakes, then grow and gain foothold in the overseas markets. This ethos applies to how we operate in the region, be it for our Engineering, Real Estate or Infrastructure business. We are mindful of the different business cultures in different markets, therefore, it is important to learn and leverage on our local partners' domain knowledge and network so as to scale up our businesses in the region.

As a Group, we are cognisant of the lumpy nature of the engineering revenue. A key priority over the past years has been to put in place more consistent revenue models. In achieving this, we have steadily expanded our portfolio of assets that are currently generating a stable recurrent revenue base. These assets are in the form of hotels and short-term accommodation properties in Australia and New Zealand as well as wastewater treatment plants, facility management and investment property under TEE Group of businesses. Going forward, we will grow our recurrent revenue streams through acquisitions and investments of assets with good investment yields.

GROWING WITH OUR PEOPLE

What we have achieved today, is what we thought was a dream back when TEE was established. Our success and plans cannot be attained and implemented without the right leadership and a group of dedicated management team. A handful of them had joined TEE when they graduated fresh from their tertiary education, and has now progressed to become Project Directors who are in the age group between mid-thirties to early forties. These are the up and coming leaders of the future who will eventually succeed the top tier management group.

We remain focused on building our competencies by nurturing talents and putting in place long-term commitments and initiatives to grow our young employees and middle management for career progression. This year, we are honoured to receive the award "Best Companies to Work for in Asia 2015" from HR Asia. This is a strong testimony to our efforts to raise the bar of our performance standards.

In addition to our human capital, there is also a group of very committed Board of Directors who have given us their valuable guidance and counsel. The composition of our Directors possesses diverse professional backgrounds that comes with a depth experiences in their respective expertise. With that, we remain steadfast in maintaining good governance practices to account to our shareholders.

As I conclude my review, I would like to extend my gratitude to all members of the Board, management and staff for your relentless support and dedication. Our sincere appreciation also goes to our business partners and associates for their strong support for us always. I would also like to thank our shareholders for their support and confidence in us. Together, we strive to soar beyond the next level and to achieve higher business aspirations.

C K Phua
Group Chief Executive & Managing Director

OPERATING REVIEW

PROACTIVE, STRATEGIC AND VALUE-DRIVEN

"The progress of overseas engineering projects are on track and financial contribution are expected to grow further."

ENGINEERING BUSINESS

Based on the announcement dated 6 May 2015, TEE announced a total outstanding order book of approximately S$540 million, of which, approximately S$85 million was recognised as revenue in 4QFY2015. After taking into account the revenue recognition in 4QFY2015, total unfulfilled order book to date stands at approximately S$455 million.

In Singapore, the Engineering business team continues to perform well. In May this year, we have been awarded new projects from a new client, FCL Property Investments Pte Ltd (a wholly-owned subsidiary of Frasers Centrepoint Limited) to provide A&A works to Centrepoint Shopping Centre located at Orchard Road. The A&A contract, which is worth approximately S$30 million, is the second project that TEE has been given the opportunity to carry out works for Frasers Centrepoint Limited in recent months. In the same year, TEE was also appointed by FC Commercial Trustee to provide engineering works for Frasers Tower, a 38-storey Premium Grade A office tower linked with a retail podium, located at Cecil Street in Singapore's Central Business District. This is a strong signal of our team's capabilities to deliver value and quality projects to our clients.

OPERATING REVIEW

Amongst the repeat clients, TEE was awarded two new contracts from Changi Airport Group (Singapore) Pte Ltd ("CAG"), making its third and fourth contract from CAG this year. Under these contracts, TEE will carry out A&A works for the existing arrival hall coach stand and north bus gate at Chang Airport Terminal 1 and 2 respectively. Other new engineering contracts awarded by notable repeat clients include CapitaLand Retail Management Pte Ltd and Marina Bay Sands.

In addition, TEE was awarded two projects to carry out A&A works for existing institutional buildings such as the Singapore University of Technology and Design and Temasek Polytechnic. TEE has developed an established track record in carrying out works for other institutional buildings.

The progress of overseas engineering projects are on track and financial contribution are expected to grow further.

REAL ESTATE BUSINESS

For the Real Estate business, TEE Land recorded sales from its ongoing development project in Malaysia and completed development projects in Singapore. The Real Estate Business team has continued to grow its portfolio of income-generating assets in Australia and New Zealand, which are beginning to contribute financially to TEE Group.

TEE Land's early move to diversify its business presence into the region has shown positive results.

In Australia, TEE Land acquired an existing 4-star boutique Diamant Hotel now rebranded as the Larmont Hotel, with 76 hotel rooms (including 2 suites) and 3 meeting rooms, located at Potts Point in Sydney. In New Zealand, it has acquired the Thistle Guest House in Christchurch. The Thistle is complementary to, and located just next to, Workotel, our investment property in Christchurch, New Zealand, which provides mid-term workers' accommodation.

In Thailand, TEE Land had acquired 8 plots of freehold land of approximately 1,364 sqm in the Bangsue District, Bangkok. The land is zoned for "Residential" use and situated near local amenities like mega supermarkets, schools and offices.

We remain cautious of the current real estate business outlook in Singapore and the markets we operate in. TEE Land's early move to diversify its business presence into the region has shown positive results. We are confident that TEE Land will continue to do well in these markets on the long term basis.

INFRASTRUCTURE AND INFRASTRUCTURE-RELATED BUSINESS

TEE's Infrastructure business is constantly seeking to broaden the scope of its businesses and the depth of its operations. Through a 21.05% stake in PowerSource Philippines Distributed Power Holdings, Inc., TEE Group has expanded into the energy business and made its maiden foray into the Philippines to invest and construct a 25 Megawatt green-field power plant and to supply electricity.

We will steadily build up our Infrastructure business and continue to identify good quality assets to invest in Asia. This includes assets relating to power and wastewater treatment.

TEE is also pleased to update that its associated company, CMC Infocomm Limited, a regional integrated and innovative communications solutions and services provider, is listed on SGX Catalist on 13 August 2015.

FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 May 2015 ("FY2015"), TEE Group's revenue increased by S$15.1 million or approximately 7.4% to S$217.9 million in FY2015 due mainly to higher revenue recognised for ongoing real estate and engineering projects. The Engineering segment contributed S$154.9 million in FY2015 as compared to S$159.8 million in FY2014 while the Real Estate segment contributed S$60.2 million in FY2015 as compared with S$40.3 million in FY2014. Revenue from the Infrastructure segment came in at S$2.8 million as compared with S$2.7 million over the same corresponding period.

Gross profit increased from S$2.5 million in FY2014 to S$35.9 million in FY2015. Excluding the effect of the one-off project cost overrun of S$18.95 million on a completed project (the "Project Cost Overrun") in FY2014, gross profit would have increased by S$14.4 million.

Administrative expenses increased by S$3.2 million to S$22.8 million in FY2015 as compared with S$19.6 million in FY2014. This is due mainly to acquisition of two new hotels in Australia.

Other operating expenses increased by S$3.3 million from S$2.7 million in FY2014 to S$6.0 million in FY2015. This is due mainly to full allowance being made for a deposit for purchase of land in Malaysia and foreign exchange losses on assets denominated in Australian Dollar and Malaysian Ringgit.

Finance costs increased by S$3.7 million from S$3.3 million in FY2014 to S$7.0 million in FY2015 due mainly to additional borrowings.

Share of results of associates increased by S$2.1 million from S$9.0 million in FY2014 to S$11.1 million in FY2015 due mainly to higher contributions from the real estate associates.

In FY2015, profit after tax amounted to S$12.9 million in FY2015 compared to a loss of S$10.2 million in FY2014. Excluding the effect of the project cost overrun in FY2014, profit would have increased by S$4.2 million. Profit attributable to owners of the Company amounted to $11.1 million in FY2015 compared to a loss of S$13.3 million in FY2014.

STATEMENT OF FINANCIAL POSITION

Cash and bank balances decreased by S$13.4 million from S$39.8 million as at 31 May 2014 to S$26.4 million as at 31 May 2015. This is due mainly to acquisition of hotels in Australia and investment properties, which were partially financed by the S$29.6 million Medium Term Notes issued by TEE Land and drawdown of bank loans.

Trade receivables, construction work-in-progress and trade payables increased by S$42.5 million, $45.6 million and $51.3 million in FY2015 respectively due mainly to major ongoing engineering and development projects.

Development properties and completed property and land held for sale decreased by S$21.0 million from S$158.6 million as at 31 May 2014 to S$137.6 million as at 31 May 2015 due mainly to the completion and sale of development properties.

Investment in associates increased by S$13.7 million from S$29.5 million as at 31 May 2014 to S$43.2 million as at 31 May 2015 due mainly to recognition of share of results of associates.

Property, plant and equipment increased by S$67.2 million from S$12.0 million as at 31 May 2014 to S$79.2 million as at 31 May 2015 due mainly to the two newly acquired hotels in Australia and construction cost for the Group's HQ building at Bukit Batok.

Investment properties increased by S$2.9 million from S$33.1 million as at 31 May 2014 to S$36.0 million as at 31 May 2015 due mainly to the acquisitions of the guest house in New Zealand, three condominium units in Bangkok by TEE Land and revaluation gain.

Loans receivable from associates decreased by S$13.5 million from S$52.4 million as at 31 May 2014 to S$38.9 million as at 31 May 2015 due mainly to repayment.

Other payables increased by S$3.5 million due mainly to higher accruals.

STATEMENT OF CASH FLOWS

Net cash used in operating activities was S$9.3 million, due mainly to profit before tax, offset by interest paid and changes in working capital.

Net cash used in investing activities was S$60.8 million, due mainly to the acquisition of two hotels in Australia and construction cost for the Group's office building at Bukit Batok.

Net cash from financing activities was S$59.1 million, due mainly to net proceeds received from the issuance of Medium Term Notes and drawdown of bank loans.

As a result, the Group recorded a net decrease in cash and cash equivalents of S$11.1 million.

YEAR IN REVIEW

BUILDING ON OUR STRENGTHS

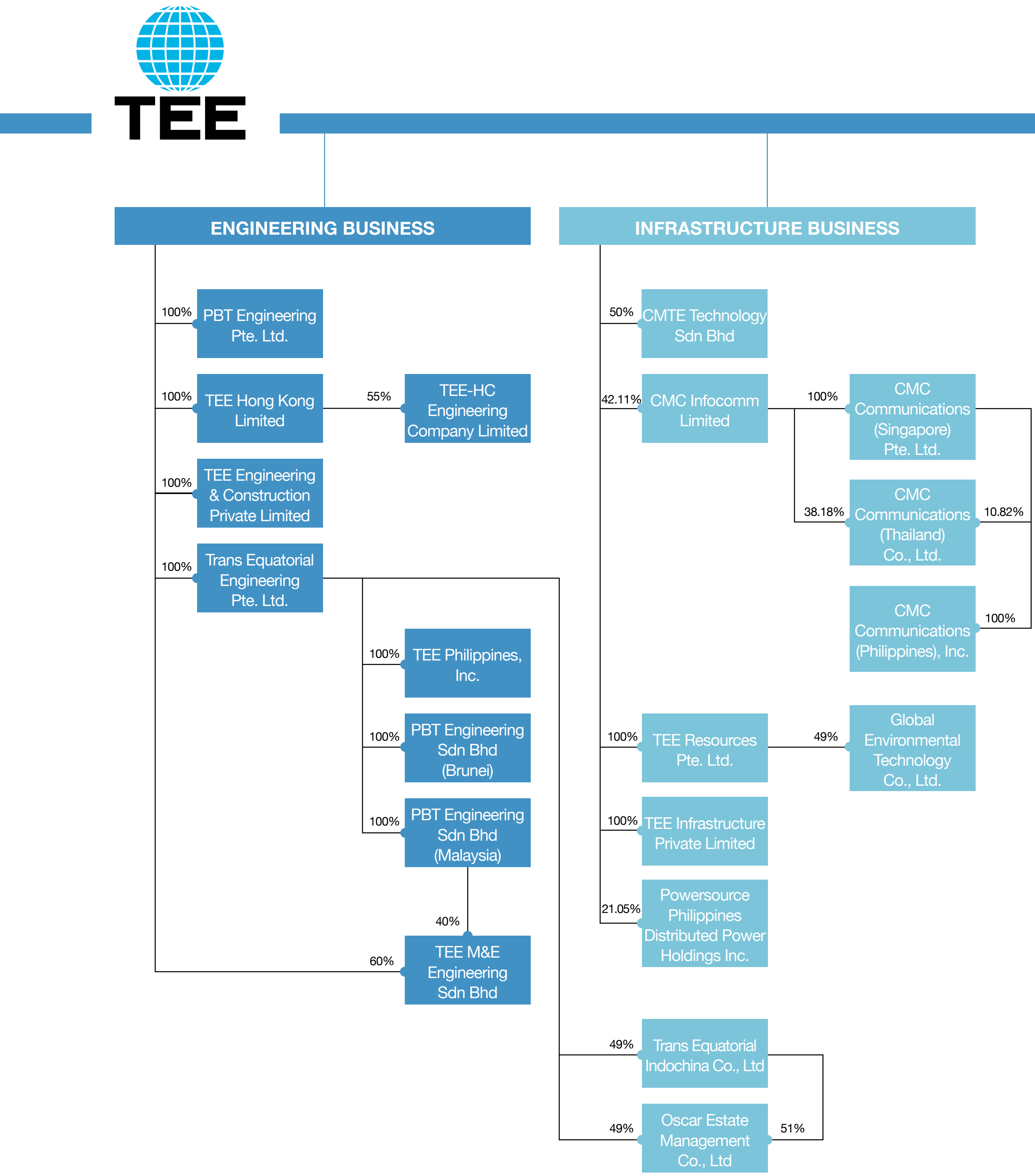
SEPTEMBER 2014	• Secured S$73m worth of engineering contracts from Changi Airport Group and People's Association • TEE Land established a S$250 million multi-currency medium term note ("MTN") programme.
OCTOBER 2014	• TEE Land issued S$30m 6.50 per cent notes due 2017 under the MTN programme. • TEE Land acquired the freehold interest in a 792-unit condominium project located in Ngam Wongwan District in Nonthaburi Province, Greater Bangkok, Thailand.
NOVEMBER 2014	• TEE Land acquired the Thistle Guest House in Christchurch, New Zealand. • TEE Land's Third Avenue in Cyberjaya won the Most Iconic Mixed Development in Cyberjaya at the Malaysian Reserve Property Press Awards 2014.
DECEMBER 2014	• Awarded $26m worth of contracts, from Changi Airport Group, CapitaLand Retail Management and Marina Bay Sands. • TEE Land acquired three condominium units in Chewathai Ratchaprarop Condominium for THB49.4m.
JANUARY 2015	• Proposed Dividend-in-specie of TEE Land shares.
FEBRUARY 2015	• Expanded into the energy business - Subscribed for 21.05% in PowerSource Philippines Distributed Power Holdings Inc.
MARCH 2015	• TEE Land acquired Diamant Hotel now rebranded as The Larmont Hotel, Sydney, Australia.
APRIL 2015	• TEE Land acquired 1,364sqm plot of freehold land at Bangsue District, Bangkok, Thailand, which is zoned for residential use.
MAY 2015	• Awarded S$30m A&A contract for Centrepoint Shopping Centre • Awarded RM266.75m contract by TEE Land • Completed Dividend-in-specie of TEE Land shares • Chewathai changed its name to Chewathai Public Company Limited and filed its listing application to be listed on the Market for Alternative Investment.
AUGUST 2015	• Associated company, CMC Infocomm Limited debuts on SGX Catalist

PROGRESSING WITH OUR MARKETS

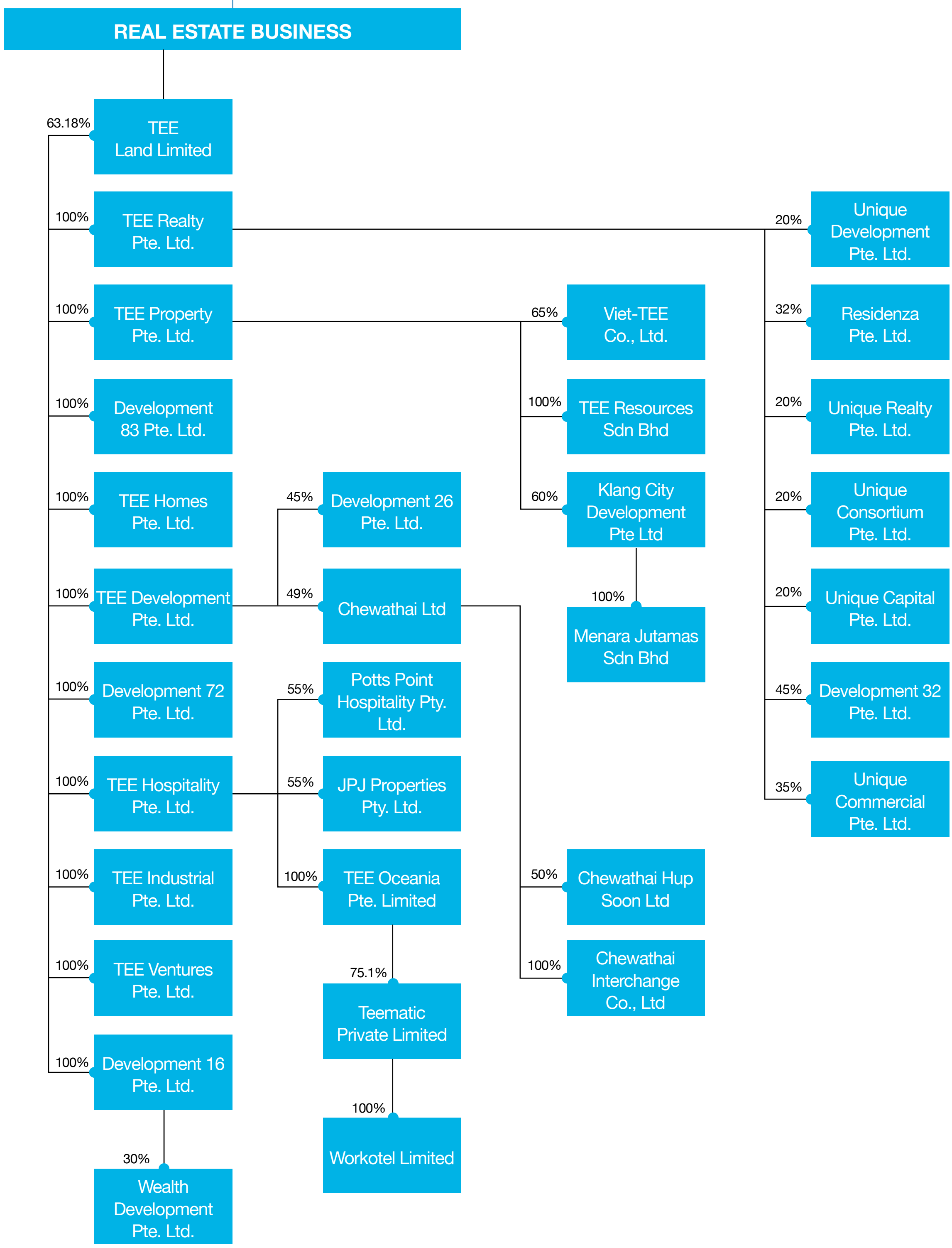
Important to our growth strategy is, to expand our cross-border business activities. Our growing regional presence gives us the opportunity to understand different markets and serve them according to their needs.

Wherever we go, we act seamlessly – sharing our knowledge and technical edge, creating solutions for customers, and operating as a fully integrated whole.

CORPORATE STRUCTURE



Group corporate structure as at 15 August 2015 does not include dormant subsidiaries and associate companies with less than 20% stake.


REAL ESTATE BUSINESS
63.18%
TEE Land Limited
100%
TEE Realty Pte. Ltd.
20%
Unique Development Pte. Ltd.
32%
Residenza Pte. Ltd.
20%
Unique Realty Pte. Ltd.
20%
Unique Consortium Pte. Ltd.
20%
Unique Capital Pte. Ltd.
45%
Development 32 Pte. Ltd.
35%
Unique Commercial Pte. Ltd.
100%
TEE Property Pte. Ltd.
65%
Viet-TEE Co., Ltd.
100%
TEE Resources Sdn Bhd
60%
Klang City Development Pte Ltd
100%
Menara Jutamas Sdn Bhd
100%
Development 83 Pte. Ltd.
100%
TEE Homes Pte. Ltd.
45%
Development 26 Pte. Ltd.
100%
TEE Development Pte. Ltd.
49%
Chewathai Ltd
50%
Chewathai Hup Soon Ltd
100%
Chewathai Interchange Co., Ltd
100%
Development 72 Pte. Ltd.
55%
Potts Point Hospitality Pty. Ltd.
100%
TEE Hospitality Pte. Ltd.
55%
JPJ Properties Pty. Ltd.
100%
TEE Oceania Pte. Limited
75.1%
Teematic Private Limited
100%
Workotel Limited
100%
TEE Industrial Pte. Ltd.
100%
TEE Ventures Pte. Ltd.
100%
Development 16 Pte. Ltd.
30%
Wealth Development Pte. Ltd.

BOARD OF DIRECTORS

LEADING WITH INSIGHT AND INTEGRITY

Top row from left to right
Saw Chin Choo, Lee Ah Fong, Aric Loh Siang Khee, Phua Boon Kin, Tan Boen Eng
Bottom row from left to right:
Phua Chian Kin, Bertie Cheng Shao Shiong, Gn Hiang Meng

MR. BERTIE CHENG SHAO SHIONG, 78

Chairman and Independent Director

Mr. Cheng was appointed as an Independent Director of the Company on 5 March 2001 and was last re-appointed as a Director of the Company on 30 September 2014.

Mr. Cheng retired as the Chief Executive Officer of POSBank in July 1997. He was appointed as Advisor to POSBank on 1 June 2010. He holds and has held directorships in both listed and non-listed companies. Currently, he is the Chairman of TeleChoice International Limited. He is also a Director of Hong Leong Finance Limited, Pacific Andes Resources Development Limited and Baiduri Bank Berhad. His other appointments include being the Chairman of the Medifund Committee, Singapore General Hospital, Vice-Chairman of the Board of Trustees, Consumers Association of Singapore (CASE) Endowment Fund and Chairman of the Investment Panel of SPRING SEEDS Capital Pte Ltd.

Mr. Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001. In addition, he also received the Friend of Labour Award from the National Trade Union Congress (NTUC) in 2008.

MR. PHUA CHIAN KIN, 56

Group Chief Executive & Managing Director

Mr. C K Phua has been the Group Chief Executive & Managing Director of TEE International since 2000. He is instrumental in spearheading the expansion and growth of TEE Group and is also responsible for TEE Group's overall management, investment decisions, direction and policy decision-making. He is also the major shareholder of TEE International and the Chairman of the Executive Committee and a member of the Nominating Committee.

Mr. Phua has over 30 years of experience in the Engineering business, starting his career with Danish multi-national company LK-NES (SEA) Pte Ltd where he was later promoted to General Manager and Director. He joined Trans Equatorial Enterprises (SEA) Pte Ltd in 1991 and took over the company in 1993. Trans Equatorial together with its other companies was listed on SGX in 2001 as TEE International Limited. In June 2013, its wholly-owned Real Estate subsidiary, TEE Land Private Limited now known as TEE Land Limited was listed on SGX.

BOARD OF DIRECTORS

Mr. Phua graduated in 1979 from the Singapore Polytechnic with a Diploma in Electrical Engineering. He received the Public Service Medal in 2007 from the President of Singapore for his contributions to social services. In 2010, Mr. Phua won the Asia Pacific Most Outstanding Entrepreneurship Awards.

He is a keen sportsman who has completed 10 full marathons to-date.

MR. TAN BOEN ENG, 82

Independent Director

Mr. Tan was appointed as an Independent Director of the Company on 5 March 2001 and was last re-appointed as a Director of the Company on 30 September 2014.

Mr. Tan has extensive experience in both the public and private sectors. He is currently holding directorships in several listed and non-listed companies from various industries, ranging from business consultancy and training to management consultancy.

Mr. Tan is an Independent Director of OKP Holdings Limited. He is also the Director of Singapore Institute of Accredited Tax Professionals Limited, SAA Global Education Centre Pte Ltd, Association of Taxation Technicians (S) Limited and Certified Accounting Technicians (Singapore) Ltd. Mr. Tan was the President of the ASEAN Federation of Accountants from 2000 to 2001 and he is now a Council member. He is also a former Board member of the Tax Academy of Singapore.

Mr. Tan had previously held the position of Director of Asiamedic Limited and AsiaPrime Pte Ltd. He also held the position of Senior Deputy Commissioner of Inland Revenue Authority of Singapore and was a Director of Singapore Pools Pte Ltd, and a member of the Nanyang Business School Advisory Committee, Nanyang Technological University. Mr. Tan was the President of the Institute of Certified Public Accountants of Singapore from April 1995 to April 2009. He was a Board member of the Accounting and Corporate Regulatory Authority and a member of the Singapore Sports Council. He also served as Chairman of the Securities Industries Council.

Mr. Tan holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He is a Fellow of the Institute of Certified Public Accountants of Singapore and CPA Australia. He received the Public Administration Medal (Silver) in 1975.

MR. LEE AH FONG, 69

Independent Director

Mr. Lee was appointed as an Independent Director of the Company on 1 March 2011 and was last re-elected as a Director of the Company on 26 September 2013. He currently serves as Chairman of the Remuneration Committee, and a member of the Audit Committee, Nominating Committee and Executive Committee.

Mr. Lee qualified as Barrister-at-Law (Middle Temple) in 1980 and was admitted to the Singapore Bar in 1981. He is at present a partner of the law firm Ng, Lee & Partners. He handles mainly criminal cases, civil litigation, family law cases and general solicitor's work. Besides being a volunteer lawyer of the Law Society Criminal Legal Aid Scheme, he had also offered his service as assigned counsel for High Court capital cases. He joined the Singapore Police Force ("SPF") as an inspector in 1966 and was promoted to the rank of Assistant Superintendent of Police in 1976 after attending a 3-month training course at the FBI National Academy in 1974. He had served in various units of the SPF before his resignation in 1980.

Mr. Lee had previously held the position as the President of the Singapore Hainan Hwee Kuan and is currently an Honorary Management Committee member of the Singapore Federation of Chinese Clan Associations, the Chairman of Yuying Secondary School Ltd and legal advisor to several associations, societies and companies. He is also an Independent Director of Cortina Holdings Limited and TA Corporation Ltd.

MR. GN HIANG MENG, 67

Independent Director

Mr. Gn was appointed as an Independent Director of the Company on 1 June 2013 and was last re-elected as a Director of the Company on 26 September 2013. He currently serves as Chairman of the Audit Committee as well as the Nominating Committee and is a member of both the Executive Committee and Remuneration Committee.

Mr. Gn has extensive experience in the banking, property and hospitality sectors.

Mr. Gn was with the United Overseas Bank Group for 28 years and was the Senior Executive Vice-President in charge of investment banking and stock-broking businesses prior to his resignation in 2001. He was the Deputy President of UOL Group till his retirement in 2007. Mr. Gn is also an Independent Director of Centurion Corporation Limited, Koh Brothers Group Limited, SingHaiyi Group Limited and Haw Par Corporation Limited.

Mr. Gn holds a Bachelor of Business Administration Degree (Honours) from the National University of Singapore.

MR. ARIC LOH SIANG KHEE, 51

Independent Director

Mr. Loh was appointed to the Board on 1 August 2014 as an Independent Director of the Company and was last re-elected as a Director of the Company on 30 September 2014. He is a member of the Audit Committee and Remuneration Committee.

Mr. Loh spent over 25 years in Deloitte & Touche LLP, Singapore, where he was an audit partner till 2013. He is currently a partner of the accounting firm, Goh Boon Kok & Co. Mr. Loh is also an Independent Director of Koda Limited.

Mr. Loh holds a Bachelor Degree of Accountancy (2nd Class Honours) from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and the American Institute of Certified Public Accountants.

MR. PHUA BOON KIN, 53

Deputy Group Managing Director

Mr. Phua was appointed to the Board of Directors on 1 September 2008 and was last re-elected as a Director of the Company on 27 September 2012.

Mr. Phua holds the post of Deputy Group Managing Director cum Managing Director of TEE Group's Engineering business. He plays an active role in the corporate affairs of TEE Group, as well as, the overall in charge of TEE Group's overall Engineering business. Mr. Phua has more than 30 years of experience in project execution and project management, and he was instrumental in the setting up of the two main subsidiaries of TEE Group, namely Trans Equatorial Engineering Pte. Ltd. in 1991 and PBT Engineering Pte. Ltd. in 1996. He has since been with TEE Group for the past 24 years and has held various appointments in both of these subsidiaries.

He is also a Company Director in PBT Engineering Pte. Ltd., Security Pro-Telco Pte. Ltd., Trans Equatorial Engineering Pte Ltd, TEE Management Pte Ltd, TEE Engineering & Construction Private Limited, and Oscar Estate Management Co., Ltd..

Mr. Phua holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.

MDM. SAW CHIN CHOO, 53

Executive Director

Mdm. Saw was appointed to the Board of Directors on 10 September 2004 and was last re-elected as an Executive Director of the Company on 30 September 2014.

Mdm. Saw currently holds the post of Managing Director (Engineering - Malaysia and Brunei). She is responsible for the Group's Malaysia and Brunei's Engineering Business.

She has over 30 years of engineering projects experience, starting her career with Neo Corporation Pte Ltd as Quantity Surveyor. She has held various positions in companies such as Specon Builders Pte Ltd as Project Co-ordinator and Vantage Construction Pte Ltd as Manager and Company Director.

She currently holds a position as a Company Director in TEE Philippines Inc., PBT Engineering Pte. Ltd. and in one of our Thai subsidiaries, Oscar Design & Decoration Co., Ltd. She is an Alternate Director in our Bruneian subsidiary, PBT Engineering Sdn Bhd. She is also a Non-Executive Director of the Board and Company Director of various subsidiaries of TEE Land Limited.

Mdm. Saw holds a Technician Diploma Certificate in Building from Singapore Polytechnic and Advance Diploma in Building Surveying and Inspection from Ngee Ann Polytechnic.

MANAGEMENT TEAM


1


2

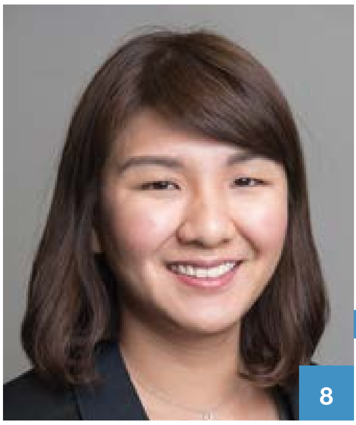

3


4


5


6


7


8

1. MR. SIM GEOK SOON

Managing Director of Special Projects, Engineering

Mr. Sim joined TEE in 1996. He oversees the management and operations of the Engineering and Special Projects team in Singapore, handling a variety of projects in the airport, metro, commercial, gaming, water and waste sectors. He is also involved in various aspects of business development of M&E Engineering and Special Projects in Singapore.

Mr. Sim has more than 30 years of experience in project and construction management in the Construction Engineering industries, familiar with all stages of project delivery. He is currently the Director of Trans Equatorial Engineering Pte. Ltd. and TEE Philippines, Inc.. He is also a Non-Executive Director of TEE Group's associated company, CMC Infocomm Limited.

2. MR. EDWIN NEO

Executive Director, Infrastructure

Mr. Neo joined TEE in August 2014 after spending 6 years with International Enterprise Singapore where he was the Centre Director responsible for facilitating bilateral trade and investments between Thailand, Myanmar, Laos, and Singapore. Mr. Neo currently spearheads the Infrastructure Business. He is responsible for driving the Infrastructure business to expand into new regions and market as well as to scale up existing infrastructure investments.

Mr. Neo graduated Summa cum Laude from Stanford University, USA with a double degree in Electrical Engineering and Economics. He is also an avid reader and is an active member of the Gifted Education Programme (GEP) Alumni.

3. MR. PHUA CHER CHEW

Executive Director & Chief Executive Officer,
TEE Land Limited

Mr. Phua was appointed to the Board of TEE Land on 18 December 2012 as Executive Director and Chief Executive Officer. He joined TEE International's real estate division in July 2007 and has held the positions of general manager, executive director and managing director for real estate. Throughout his tenure, he has been instrumental in TEE Group's rapid growth, leading to the expansion of its business and operations. Prior to his appointment in TEE, he has worked in Trans Equatorial Engineering Pte Ltd (a wholly-owned subsidiary of TEE Group) holding the positions of general manager of business development and business development manager.

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

4. MR. CHEUNG KAY KWONG

Managing Director, Hong Kong,
Macao and China Operations

Mr. Cheung joined TEE in 2012 and he oversees and directs TEE Group's Hong Kong, Macao and China operations. Mr. Cheung is a professional M&E engineer with over 30 years of working experience in business development and project management of large-scale M&E installation in the construction industry. He had previously been in the senior management position with several reputable and international electrical and mechanical contractors in Hong Kong.

5. MR. NELSON WONG YUAN HAW

Group Financial Controller

Mr. Wong joined TEE in November 2013 and was re-designated to Group Financial Controller in January 2015. He is overall responsible for TEE Group's Reporting and Operations, Corporate Finance and Treasury functions, as well as, due diligence work for acquisition of Infrastructure assets. Mr. Wong has in total 19 years of working experience in the finance industry, with among others, Mapletree Investments Pte Ltd, Avnet Asia Pte Ltd and most recently, Future Electronics Inc (Distribution) Pte Ltd, where he was the Financial Controller prior to joining TEE.

Mr. Wong holds a Degree of Bachelor of Accountancy from Nanyang Technological University and is a Chartered Accountant with Institute of Singapore Chartered Accountant (ISCA).

6. MS. YEO AI MEI

Company Secretary

Ms. Yeo joined TEE in 1996 and has held various appointments in TEE Group. She is instrumental in setting up the various functions throughout the years and oversees TEE Group's accounting, finance, corporate secretarial and related activities. She is the Joint Company Secretary of the Company and serves as Company Secretary for the various subsidiaries in Singapore.

Ms. Yeo holds a Bachelor of Business in Accountancy Degree from RMIT University and is a Chartered Accountant with Institute of Singapore Chartered Accountant (ISCA) and Certified Practising Accountant of CPA Australia.

7. MS. LOH CHOOI LENG

Director, Human Resources

Ms. Loh joined TEE in 2005 and was promoted to Director, Human Resources in January 2013. She is overall responsible for the training and development program, recruitment, compensation, benefits and performance and career management of employees.

Ms. Loh holds Graduate Diplomas in Human Resource Management from Southern Cross University, and Training & Development from Aventis School of Management, Singapore, as well as Bachelor of Arts Degree in Psychology and Political Science.

8. MS. CELINE OOI

Manager, Investor Relations and Communications

Ms. Ooi joined TEE in January 2014 and is responsible for maintaining timely and transparent communications with shareholders, investors, analysts and the media for TEE Group. Ms. Ooi has many years of experience in the financial and communications industry. Prior to joining TEE, she spent 8 years managing the investor relations and communications function for a portfolio of SGX-ST listed companies in various sectors and industries, when she was in an investor relations agency.

Ms. Ooi holds a Bachelor of Commerce in Marketing & Public Relations from Curtin University of Technology, Western Australia.

INVESTOR RELATIONS

UPHOLDING TIMELY DISCLOSURES

At TEE Group, Investor Relations ("IR") is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance. This is to enable the most effective two-way communication between TEE Group and its stakeholders, which comprises staff and management, financial community, media and the public, which will ultimately contribute to achieving fair valuation of TEE Group.

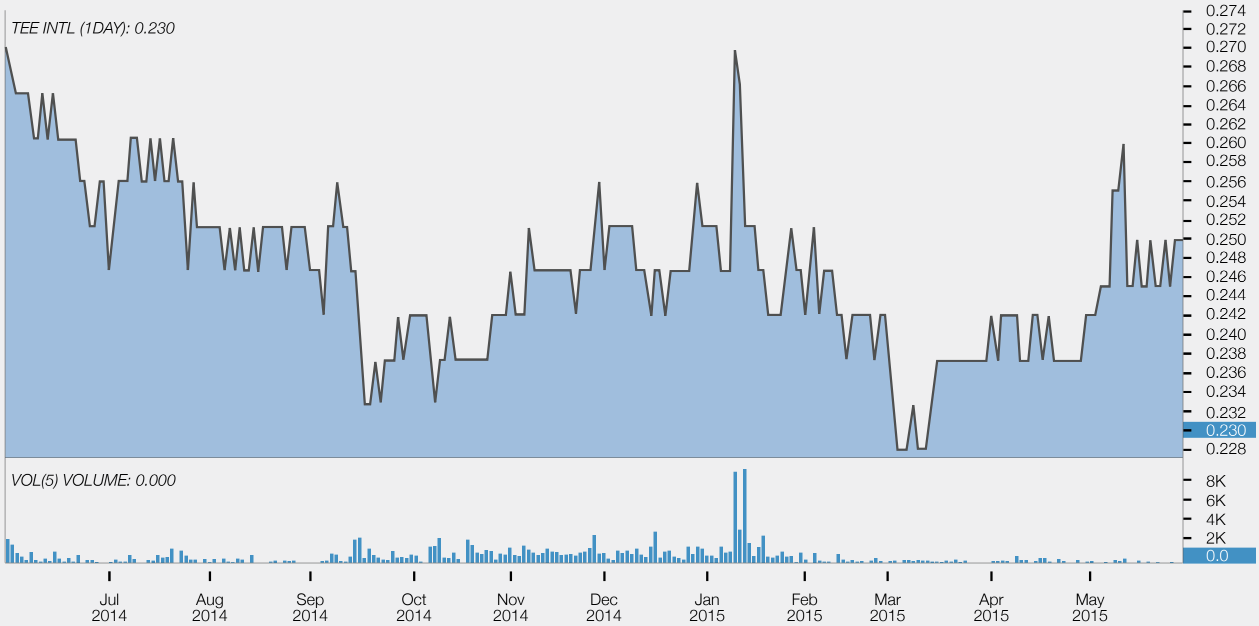
INVESTOR RELATIONS POLICY

TEE Group is committed to deliver timely, transparent, and consistent disclosures to its shareholders, the financial community and the public. Our IR function falls under TEE Group's corporate office, and is led by the Manager of IR and Communications.

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. We also proactively provides information about matters that may influence share price movement to shareholders and members of the financial community, in an equal and simultaneous manner.

TEE'S 12-MONTH DAILY SHARE PRICE AND TRADING VOLUME

(Last Closing Date: 29 May 2015)



Powered by ShareInvestor Station (www.shareinvestor.com)

We have provided regular public disclosure on our financial performance via through SGX-ST's SGXNet broadcast network and on TEE's corporate website at http://www.teeintl.com.

DIVIDEND POLICY

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

ENGAGING STAKEHOLDERS

In keeping with the proactive investor and media relations approach, TEE Group regularly engages financial analysts, existing and potential investors, and shareholders through multiple channels, including one-to-one meetings, conference calls and investor roadshows. Key executives are present at such engagements to keep the stakeholders appraised of TEE Group's financial performance and to discuss its business strategies and outlook.

This year, we have organised an analyst trip to Bangkok where we initiated an introduction to the business operations of CMCC and TEE Land's residential projects. We have showcased the business opportunities in Thailand and outlined our growth strategies in the next five years.

INVESTORS, SHAREHOLDERS AND MEDIA CONTACT

Ms. Celine Ooi
Manager, Group Investor Relations and Communications
Tel: 65 6697 6589
Email: IR@teeintl.com

INVESTOR RELATIONS AND FINANCIAL CALENDAR

2015

JANUARY
- Announcement of FY2015 Half-Year Results
- Analyst Visit to Bangkok
- RHB Corporate Day - Singapore

APRIL
- Announcement of FY2015 Third Quarter Results
- RHB Corporate Day - Thailand

MAY
- Financial Year End

JULY
- Announcement of FY2015 Full-Year Results

SEPTEMBER
- 15th Annual General Meeting

OCTOBER
- Announcement of FY2016 First Quarter Results

2016

JANUARY
- Announcement of FY2016 Half-Year Results

APRIL
- Announcement of FY2016 Third Quarter Results

MAY
- Financial Year End

JULY
- Announcement of FY2016 Full-Year Results

SEPTEMBER
- 16th Annual General Meeting

OCTOBER
- Announcement of FY2017 First Quarter Results

SUSTAINABILITY REPORT HIGHLIGHTS

BUILDING SUSTAINABLE VALUES

Sustainability is integral to TEE Group's business philosophy. We place great importance on sustainability by adopting best practices throughout the organisation. We take great effort to responsibly secure, manage and deliver projects while building strong partnerships. Whether it is our project management, financial management, human resources, or sales and marketing, our core values and strong relationships with suppliers, business associates, customers and communities across departments, help us grow our business sustainably.

As a Group, we endeavor to create social value and make positive contributions to the quality of life of our employees and the communities we serve.

HUMAN CAPITAL

The development of a strong human capital foundation is paramount for business sustainability. We make it a priority to build a cohesive and strong human capital as a cornerstone for business sustainability. We are committed to build a skilled workforce, and cultivate a strong corporate culture that inspires, empowers and engages our employees to encourage staff retention. TEE Group drives the leadership skills of senior management and develops managerial competencies for middle management through training and development. As we aim to be the employer of choice, TEE Group continually explores the development of a responsive and progressive advancement programme to strengthen the internal talent pipeline so as to further business growth.

CORPORATE SOCIAL RESPONSIBILITY

We believe in making a difference to the communities. To serve and give back to the needy and the less fortunate is instilled in our core values and philosophy. We promote and support employee volunteerism, foster and cultivate the spirit of caring for the society. We engage in community outreach to raise awareness and spur action for the underprivileged. Their participation and support for our corporate social events and activities help improve the communities we are in.

OCCUPATIONAL SAFETY AND HEALTH

The safety and health of our employees, customers and contractors are important aspects in the course of our business operations. Our commitment begins with our focus on creating safe and inclusive workplaces, and engaging employees and stakeholders in safety and health awareness. TEE Group continually implements and reviews workplace safety practices and health programmes to inculcate a heightened sense of responsibility and transparency. We want to ensure that customers have the assurance of knowing that our employees and contractors have a safety mindset and sustainable practices when it comes to delivering our projects with the highest standards.

ENVIRONMENTAL AWARENESS

TEE Group sees environmental protection and stewardship as part of our responsibility as a corporate citizen. We value our environment and adopt environmentally-friendly practices. Our 'Go Green Committee' drive practices of recycling, minimisation of water waste and selective usage of materials to create improved conditions and reduce carbon footprint so as to protect and sustain the environment we work in.

RISK MANAGEMENT

TEE Group maintains strict compliance with the statutory rules and regulations. Regular internal audits are carried out and financial risk management policies are also put into action to identify, eliminate and reduce risks. This includes evaluating, assessing, controlling, monitoring and communicating risks to protect the interests of our stakeholders in all our operations. We have adopted the Enterprise Risk Management ("ERM") Framework, which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. With increasing scale and complexity of operators and projects, identified risks are being managed and mitigated by counter measures to maintain sustainability.

HUMAN CAPITAL

WORKING TOGETHER, SHARING THE PASSION

HR Asia Award

Statistics on Human Talents

LEVEL	NO. OF STAFF
Board of Directors - Executive	3
Key Executive	7
Senior Management	20
Junior & Middle Management	67
Administrative & clerical	63
Site operations	121
Non Traditional Source/Skilled workers	175
TOTAL	**456**

Statistics on Length of Service

YEARS OF SERVICE	NO. OF STAFF
Less than 5 years	328
5 to 10 years	83
Over 10 years	44
TOTAL	**456**

Statistics On Qualification

QUALIFICATION	NO. OF STAFF
Degree & above	134
Diploma & equivalent	52
Secondary & below	108
Skill certificates	162
TOTAL	**456**

Leadership Renewal

DESCRIPTION	TEAM 2015
Average age	40
Nationalities	Singaporean, Malaysian, China, Burmese, Thailand
Highest education level	Master
Lowest education level	O Level

ALIGNING OUR PEOPLE TOWARDS BUSINESS PERFORMANCE, PRODUCTIVITY

Continual development and aligning our people towards performance, productivity is key towards building the foundation for our business success. We adopt a comprehensive approach in making consistent operational reviews, ongoing workforce training and adopting best practices guided by competencies development plans, training programmes, learning strategies seminars and culture alignment talks. Last year, the 6,000 training hours we dedicated to identifying, aligning and enhancing the skills of our staff reflect our commitment and philosophy.

	TRAINING HOURS
2013	3,699
2014	3,862
2015	7,452

MANAGING DIVERSITY

In a meritocratic society like Singapore, managing cultural diversity is essential in an organisation. Our workforce environment is populated with a diversity of men and women from distinct cultures, different nationalities, and diverse backgrounds. A team of people of varying ethnicity, age, and religion. We believe our success today is built upon a cohesive work environment. Such environment embraces cultural diversity, where employers understand and respect various religions and cultures. In this regard, TEE Group observes the traditions of these cultures and holds celebratory activities relating to the different religions. Employees are also given extra time-off on top of the statutory holidays to spend time with their families during traditional festive season.

PROMOTING A HAPPIER AND HEALTHIER WORKFORCE

Employees are our most valuable asset. The well-being of the employees and emphasis on healthy lifestyle and work-life harmony is underpinned by team spirit, physical health and energy of each individual. TEE Group holds regular team building 'camaraderie' programmes where staff can interact and understand each other away from any formal corporate structure. In FY2015, we organised events such as 3F Sports Day and TEE Running Man. In addition, a Dining-In programme was introduced whereby TEE subsidises a buffet lunch through Monday to Wednesday. This is to encourage greater interaction and bonding among employees. We believe healthy and happy employees are committed and contribute positively to TEE Group.

In terms of wellness programme, TEE is proud that it has successfully completed the first TEE + 15,000 km programme. The TEE runners have successfully completed the target of 15,000 km in July 2015 over 2 years and 8 months. The programme will start afresh with a new target of 18,000 km.

A new programme, "A Day out with Family" is also organised over public holidays with various activities planned to encourage staff to spend quality time spent with their families.

Creating workplace excellence and promoting greater engagement

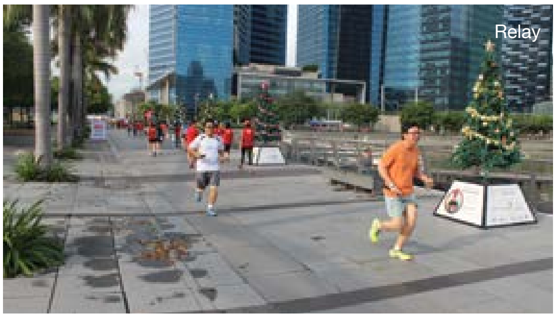
To ensure greater communications among the TEE Group, a HR staff newsletter was launched to keep staff informed of ongoing events and corporate developments.

By subscribing to creative ways to encourage employee well-being, the Company believes that a happy, healthy workforce undergirded by positive attitudes and drive will strengthen business profits.

RECOGNITION AWARD

This year, we are honoured to receive a HR Asia Best Companies to Work for in Asia 2015. This is a testament of our efforts to raise the bar of our performance standards. These efforts include creating workplace excellence and promoting greater engagement.

Weekly Run


Relay


Badminton

COMMUNITY AND SOCIETY

MAKING A POSITIVE IMPACT

Our commitment to Corporate Social Responsibility is embedded in our core values and philosophy, where we strive to be part of the positive change. TEE cares deeply about serving and giving back to the community and seeks to be the corporate model. We encourage the spirit of volunteerism and actively involve all our staff in the regular community work that TEE organises. Our CSR Committee plans and organises events and activities as part of the community services for charity bodies.

Our adopted charity is Villa Francis Home for the Aged ("VF") where we have been actively served our community hours at annually.

31 Jul 2014

OUTING TO SINGAPORE FLYER

TEE staff have embraced the students from the Cerebal Palsy Alliance Singapore (formerly known as Spastic Children's Association of Singapore) and dedicated a day of fun and joy at the Singapore Flyer.

Led by Mr C K Phua, the children were treated with a 360 degrees view of the Singapore Skyline on board the Singapore Flyer.

13 Sep 2014

MINI CARNIVAL AT VILLA FRANCIS

Apart from the major festivities, TEE volunteers organised a Mini Carnival for the residents of VF. There were fun and games specially designed for the residents to work their minds and bodies, and at the same time, communicate with our volunteers.

28 Feb 2015

CHINESE NEW YEAR CELEBRATION AT VILLA FRANCIS

Chinese New Year is celebrated as a family affair, a time of reunion and thanksgiving. TEE Group organises festive activities for the VF residents to welcome the new year.

Every year, our "God of Fortune" hands out "Ang Pao" and goodie bags to all residents. After the celebration, volunteers mingled with the residents over a buffet lunch, at the same time, spending quality time to communicate and care for the old folks.

04 Jul 2015

BIRTHDAY CELEBRATION FOR RESIDENTS WITH BIRTHDAYS IN THE MONTH OF JULY

TEE's employees celebrated the birthdays of residents in July. For this party, we prepared a birthday cake and a load of durians for all residents to enjoy

CHRISTMAS CELEBRATION AT VILLA FRANCIS

TEE's employees celebrated Christmas with the residents of VF. For this joyous occasion, we prepared gifts and they were given out to all residents.

Volunteers also took the opportunity to mingle and communicate with the residents, where many of them have become friends of the residents over the course of regular visits.

24 Dec 2014

OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENTAL AWARENESS

MOULDING A RESPONSIBLE WORKFORCE

OCCUPATIONAL SAFETY AND HEALTH

TEE places health and safety as the priority in the holistic management for the whole group. We firmly believe that protection of the health and safety of our employees, contractors and general public is one of the key business drivers for our continued success.

TEE operates within a Quality, Environmental, Health and Safety Management framework. Under this framework, our wholly-owned subsidiaries, Trans Equatorial Engineering Pte Ltd and PBT Engineering Pte Ltd have been awarded the OHSAS 18001:2007 certification for our compliance with the high standards of workplace safety and health.

TEE Group's safety and health risk practices are constantly reviewed and implemented in order to reduce any potential accident at the construction work sites. Safety trainings or briefings conducted at the respective sites by safety officers/supervisors other than the regulatory or enhancement courses. TEE Group is vigilant in keeping up with the necessary health and safety regulations. The bizSAFE Star certification attests to the high workplace healthy and safety standards TEE Group has implemented in all its business operations.

ENVIRONMENTAL AWARENESS

As a leading engineering, real estate and infrastructure corporation, we are aware of the impact we have on the environment, therefore, we try to make efforts to protect and sustain the environment we work in. TEE Group conducts all aspects of our business in a manner that ensures compliance with environmental law. As TEE believes in environmental protection and stewardship, all employees goes through environmentally-friendly measures courses and trainings, and are encouraged to put it to good use in their respective departments to foster awareness and responsibility.

Pollution prevention and resource conservation are essential towards a sustainable environment. TEE has implemented several "green" initiatives from paper recycling, circulating "Go Green" awareness emails to conserving energy and minimising electrical wastage by equipping our office with light sensors.

TEE has also been awarded the Environmental Management Systems ISO 14001: 2004 certification, and we hope to lead other engineering companies in taking up the responsibility to reduce the adverse impact engineering and construction works have on the environment and eco-system. In our determination to further promote and strengthen green practices within TEE Group, we have set up our own "Go Green Committee" to work towards our goal of providing a pollution-free conducive working environment that complies with applicable environmental standards and other requirements.

RISK MANAGEMENT

EMPLOYING BEST PRACTICES

ENTERPRISE RISK MANAGEMENT

Risk management forms a key element in TEE Group's business planning and day-to-day operations. TEE Group has since embraced the Enterprise Risk Management ("ERM") Framework, which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard.

Integrating a structured and disciplined approach to managing risk into our core business processes and decision-making activities will help us to create new business opportunities as well as anticipate and minimise risks.

The ERM framework comprises five inter-related components: i) Risk Strategy and Policy ii) Risk Management Process iii) Organisation Structure iv) Culture and People v) Technology and Tools.

The broad categories of risks we have identified included: i) Business and Strategic Risk ii) Operational Risk iii) Financial Risk iv) Health & Safety Risk iv) Compliance and Legal Risk and iv) Reputational Risks.

In FY2015, TEE Group conducted its first Enterprise Risk Review to evaluate and ascertain the main risk categories pertinent in the current business environment. Key enterprise risks were ranked and identified so that appropriate mitigating measures can be recommended to respective risk owners to address to key risks.

We have put in place a framework of processes and initiatives, which is designed to enhance operational resilience whilst maintaining the TEE's strategic direction.

In practice, qualitative analysis will typically be used to obtain a general indication of the level of risk and to reveal the major risks. These identified risks are ranked and a more specific quantitative analysis of the risks will be undertaken as a following step. Measures are then put in place to mitigate the identified risks.

In this journey of risk management implementation, the Board of Directors is responsible for governing risks and ensuring that the management maintains a sound system of risk management and internal controls to safeguard the long term interest of TEE Group.

The risk management unit will work with the various risk owners to provide regular reporting to the Audit Committee. The risk management team is also responsible for fostering a proactive approach to risk management throughout the organisation, coordinates risk policies and procedures, and oversees the monitoring and reporting of risk and compliance issues.

Continual efforts will be made to reinforce the risk-centric culture and mindset amongst its employees.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman, Independent Director
Mr. Bertie Cheng Shao Shiong

Group Chief Executive & Managing Director
Mr. Phua Chian Kin

Deputy Group Managing Director
Mr. Phua Boon Kin

Executive Director
Mdm. Saw Chin Choo

Independent Director
Mr. Tan Boen Eng

Independent Director
Mr. Lee Ah Fong

Independent Director
Mr. Gn Hiang Meng

Independent Director
Mr. Aric Loh Siang Khee

AUDIT COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Lee Ah Fong
Mr. Aric Loh Siang Khee

NOMINATING COMMITTEE

Chairman
Mr. Gn Hiang Meng

Members
Mr. Phua Chian Kin
Mr. Lee Ah Fong

REMUNERATION COMMITTEE

Chairman
Mr. Lee Ah Fong

Members
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

EXECUTIVE COMMITTEE

Chairman
Mr. Phua Chian Kin

Members
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

JOINT COMPANY SECRETARIES

Ms. Yeo Ai Mei, CA
Ms. Lynn Wan Tiew Leng, FCIS

REGISTERED OFFICE

Co. Reg. No.: 200007107D
25 Bukit Batok Street 22
Singapore 659591
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: IR@teeintl.com
Website: www.teeintl.com

DATE OF INCORPORATION

15 August 2000

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 FY2012)

INVESTOR RELATIONS

Ms. Celine Ooi
Tel: (65) 6697 6589
Fax: (65) 6565 1738
Email: IR@teeintl.com

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of TEE International Limited (the "**Company**") continues to be committed to uphold the highest standards of corporate governance, and believes those sound corporate governance principles and practices will sustain and improve corporate performance, accountability, transparency, building trust and confidence in the Group, safeguarding the interests of all shareholders and promoting investors' confidence in the Group.

The Company has complied with the Code of Corporate Governance 2012 (the "**Code**") except where otherwise explained. In areas where we have not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the Company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board assumes responsibility for setting strategic direction, establishing pertinent policies, corporate governance and overseeing proper management of the Group. Their responsibilities apart from statutory responsibility also extend to the following functions:

- Providing entrepreneurial leadership;
- Approving the Group's policies, strategies and financial plans;
- Reviewing the Group's financial and management performance;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Overseeing the business of the Group and monitoring the performance of the Company's management ("**Management**");
- Approval of annual budget, material acquisitions and disposal of assets, major investments and divestment proposals;
- Approval of nominations for the Board by the Nominating Committee and endorsing the appointments of the key executives;
- Reviewing recommendations made by the Audit Committee on the appointment, re-appointment or removal of external auditors;
- Reviewing recommendations made by the Remuneration Committee and approving the remuneration packages for the Board and key executives;
- Consider sustainability issues such as environmental and social factors as part of its strategic formulation; and
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation.

All directors are required to use reasonable diligence in discharging their duties and act in good faith in the best interests of the Group.

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. The Board Committees consist of the Audit Committee, Nominating Committee, Remuneration Committee and Executive Committee. The Chairman of the respective Committees will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board meets regularly at least four times within each financial year and at other times as appropriate, to approve the release for the Group's financial results as well as to consider and resolve major financial and business matters of the Group. To facilitate effective management, the day-to-day management of the Group's businesses and affairs are entrusted to the directors and key executives.

CORPORATE GOVERNANCE REPORT

The Company's Articles of Association provides for the Board to convene meetings via conference telephone, video conferencing or other audio or audio-visual communications equipment.

The details of the frequency of Board and Board Committee meetings held during the financial year ended 31 May 2015 ("**FY2015**") and the attendance of every Board member at the meetings are set out below:

	Board Committee Meetings							
	Board of Directors' Meeting		Audit Committee ("AC") Meeting		Nominating Committee ("NC") Meeting		Remuneration Committee ("RC") Meeting	
Name of Director	No. of meetings held*	No. of meetings attended	No. of meetings held*	No. of meetings attended	No. of meetings held*	No. of meetings attended	No. of meetings held*	No. of meetings attended
Mr. Bertie Cheng Shao Shiong[1]	5	5	-	-	2	2	-	-
Mr. Tan Boen Eng[2]	5	4	4	4	-	-	1	1
Mr. Lee Ah Fong[3]	5	5	5	5	2	2	1	1
Mr. Gn Hiang Meng[4]	5	5	5	5	2	2	1	1
Mr. Aric Loh Siang Khee[5]	4	4	1	1	-	-	-	-
Mr. Phua Chian Kin	5	5	-	-	2	2	-	-
Ms. Saw Chin Choo	5	5	-	-	-	-	-	-
Mr. Phua Boon Kin	5	5	-	-	-	-	-	-

Notes:

* Number of meetings held during the period when the respective directors served on the Board.

1 Mr. Bertie Cheng Shao Shiong stepped down as NC member with effect from ("**w.e.f**") 16 January 2015.

2 Mr. Tan Boen Eng stepped down as AC Chairman and RC member w.e.f. 16 January 2015.

3 Mr. Lee Ah Fong stepped down as NC Chairman and remain as a member w.e.f. 16 January 2015. He was appointed as RC Chairman w.e.f. 16 January 2015.

4 Mr. Gn Hiang Meng stepped down as RC Chairman and remain as a member w.e.f. 16 January 2015. He was appointed as AC and NC Chairman w.e.f. 16 January 2015.

5 Mr. Aric Loh Siang Khee was appointed as an independent director w.e.f. 1 August 2014. He was appointed as AC and RC member w.e.f. 16 January 2015.

The Group has adopted a set of internal guidelines setting forth matters that require the approval of the Board. Under these guidelines, all investments, material acquisitions and disposals of assets, corporate restructuring and all commitments to term loans and lines of credit from banks and financial institutions require the Board's approval.

Directors' Training

Orientation courses and educational programs will be organised for new directors to ensure that the incoming directors are familiar with the Company's key business and governance practices.

Prior to their appointment, new directors are also provided with the relevant information on their duties and responsibilities as directors, the Company's corporate governance processes as well as relevant statutory and regulatory compliance issues. Directors may request for further explanations, briefings and informal discussions on any aspects of the Company's operations or business issues.

The Management monitors changes to regulations and financial reporting standards closely. All directors will also receive regular updates such as news releases by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions.

CORPORATE GOVERNANCE REPORT

For FY2015, the Company has arranged an in-house briefing and update for the directors by an external professional firm on the financial reporting surveillance programme administered by the Accounting and Corporate Regulatory Authority of Singapore, introduction and overview of Financial Reporting Standard 115 and update on changes to the Companies Act. The directors have also conducted site visits to Macau in order to better understand the Group's operations. The Group Chief Executive & Managing Director also updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises eight directors, of whom five are independent directors. More than half of the Board is made up of independent directors and this composition is in compliance with the Code's requirement that at least one-third of the Board should be made up of independent directors. Currently, there is no alternate director appointed.

The composition of the Board is as follows:

Executive Directors
Mr. Phua Chian Kin (Group Chief Executive & Managing Director)
Mr. Phua Boon Kin (Deputy Group Managing Director)
Ms. Saw Chin Choo

Independent Directors
Mr. Bertie Cheng Shao Shiong (Chairman)
Mr. Tan Boen Eng
Mr. Lee Ah Fong
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

The Nominating Committee ("**NC**") is of the view that the Board is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations.

The Board is made up of a team of high calibre leaders whose extensive experience, knowledge and expertise combine to contribute to effective decision-making and direction for the Group. As a group, they possess the core competencies such, as industry, finance and legal knowledge, business and management experience, and strategic capability, which are required for the Board to be effective. The profiles of the directors are set out in the "Board of Directors" section on pages 25 to 27. The composition of the Board enables the Management to benefit from the objective perspective on issues brought before the Board.

Directors are free to hold open discussions on important matters such as the Group's financial performance and the Group's strategy and make decisions collectively during the Board meetings.

The independent directors provide, amongst other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on strategy. The independent directors also help to review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. To this end and where appropriate, they are encouraged to arrange for meetings without the Management being present, on a regular basis and at times deemed necessary. The Company would arrange to avail the Company's premises for use by the independent directors at any time to meet regularly without the presence of Management.

CORPORATE GOVERNANCE REPORT

Review of Directors' Independence

The NC reviews the independence of each director on an annual basis by taking into consideration the Code's definition of an independent director as well as the relationships which would deem a director not to be independent. As a result of the NC's review of the independence of each director for FY2015, the NC is of the view that the independent directors are independent and that no individual or small group of individuals dominate the Board's decision-making process. The Board has determined after taking into account the views of the NC that each independent director, namely Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect the directors' judgement.

Mr. Lee Ah Fong, independent director of the Company, has declared to the Board that he is a partner of a legal firm, Ng, Lee & Partners, which may from time to time render professional legal services to the Group, although Mr. Lee does not carry out the professional legal services to the Group on behalf of Ng, Lee & Partners. Nevertheless, the NC has considered Mr. Lee to be independent as the billing for the services rendered was not significant and Mr. Lee is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities. Mr. Lee abstained in the deliberation of his own independence and voting on any resolution where it relates to the appointment of Ng, Lee & Partners.

Taking into consideration that Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng have served on the Board for more than nine years, the NC has further reviewed their independence and has determined that they have maintained their independence in accordance with the Code and has contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Company. Both Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng's independence and objective leadership of the Board, their depth of experiences and skills, makes them invaluable members of the Board. The Board concurred with the views of the NC and is satisfied with the performance and independence of judgement of both Mr. Tan and Mr. Cheng.

The Board does not consider it to be in the interests of the Company and shareholders to require all directors who have served for nine years or longer to retire. The Board is of the view that the continuity and stability of the Board provide effective decision-making.

Role of Chairman and Group Chief Executive & Managing Director

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear division of responsibilities of the Chairman and Group Chief Executive & Managing Director to ensure an appropriate balance of power and authority to increase accountability and greater capacity of the Board for independent decision-making. The Chairman and the Group Chief Executive & Managing Director are not related to each other.

Mr. Bertie Cheng Shao Shiong, the Chairman, is responsible for, among others, approving the agendas for the Board. He is also responsible for exercising control over the quantity, quality and timeliness of the flow of information between the Management and the Board and ensuring compliance with the Group's guidelines on corporate governance. The Chairman also provides close oversight, advice and guidance to the Group Chief Executive & Managing Director and the Management. The Chairman also sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues. The Chairman also ensures effective communication with shareholders and facilitates the effective contributions of non-executive directors in particular.

Mr. Phua Chian Kin who assumes the role of Group Chief Executive & Managing Director plays an instrumental role in the expansion and growth of the business of the Group and leads the Group with strong vision. He also leads the Management and executes plans in the implementation of the Board's decisions.

On 17 August 2015, Mr Phua Boon Kin was appointed as the Deputy Group Managing Director cum Managing Director of the Group's Engineering business to assist the Group Chief Executive & Managing Director in the corporate affairs of the Group's business in various business units.

CORPORATE GOVERNANCE REPORT

In order to assist the Group Chief Executive & Managing Director, an Executive Committee has been established. The Group Chief Executive & Managing Director is the Chairman of the Executive Committee. More details on the Executive Committee can be found on page 56.

For good practice, the key executives or the Management who have prepared the Board meeting papers, or who can provide additional insight into the matters to be discussed, are invited to present the Board meeting papers or attend at the relevant time during the Board meeting.

BOARD COMMITTEES

NOMINATING COMMITTEE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("**NC**") comprises two independent directors and an executive director as follows:

Independent Directors
Mr. Gn Hiang Meng (Chairman)
Mr. Lee Ah Fong

Executive Director
Mr. Phua Chian Kin

The majority of the NC members are independent from business and management relationships. All the independent directors, including Mr. Gn Hiang Meng, the Chairman of the NC, are independent from substantial shareholders.

One of the NC's primary functions is to provide assistance to the Board in selecting suitable directors and making recommendations on all appointment of directors to the Board.

In addition, the NC also performs the following functions:

- Nominate directors to fill up any vacancies in the Board or the various Committees;
- Review and recommend for re-appointment and re-election to the Board, having regard to the director's contribution and performance including, if applicable, as an independent director;
- Review annually whether a director is independent;
- Ensure that, where the director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties;
- Take into account the scope and nature of the operations of the Group to review and determine the appropriate size and structure of the Board;
- Recommend directors who are retiring by rotation to be put forward for re-election;
- Review board succession plans for directors; and
- Review training and professional development program for the Board.

Election and Re-election

All directors (excluding the Group Chief Executive & Managing Director) submit themselves at each Annual General Meeting ("**AGM**") for re-election at regular intervals of at least once every three years. Pursuant to Article 89 of the Company's Articles of Association, one-third of the Board of Directors (apart from the Group Chief Executive & Managing Director) are subject to retirement from office by rotation and eligible for re-election at the Company's AGM.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, directors who are above the age of 70 years are statutorily required to seek re-appointment at each AGM. Such re-appointment of directors will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Cap. 50 as repealed when the Companies (Amendment) Act 2014 comes into force. The directors will then be subject to retirement by rotation under the Company's Articles of Association.

CORPORATE GOVERNANCE REPORT

The NC has recommended the nomination of director retiring by rotation under Article 89 of the Company's Articles of Association, namely Mr. Phua Boon Kin and Mr. Gn Hiang Meng for re-election at the forthcoming AGM which has been scheduled to be held on 29 September 2015. Mr. Gn Hiang Meng will, upon re-election as a director of the Company, remain as the Chairman of the AC and NC and a member of the RC and Executive Committee respectively.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng who are over the age of 70 years are subject to re-appointment as directors of the Company at the forthcoming AGM to hold office until the next AGM. Upon re-appointment as directors of the Company, Mr. Bertie Cheng Shao Shiong will remain as Chairman of the Company.

Review of Directors with Multiple Board Representations

The NC is of the view that multiple listed company board appointments will not affect the director's ability to carry out their duties as directors of the Company and therefore, it would not be necessary to prescribe a maximum number of listed company board presentations a director may hold. The Board concurs with the view of the NC.

Succession Plan for the Board

Succession planning is a crucial element of the Company's corporate governance process. The NC has adopted a succession plan to ensure the progressive and orderly renewal of Board membership. The NC also reviews the succession and leadership development plans for key executives and senior management, including the identification and management of talent among the younger staff.

Process for Selection and Appointment of New Directors

- The NC reviews the needs of the Board by taking into account the scope and nature of the operations of the Group;
- Based on the results of the Board Performance Evaluation which are completed by the Board annually, the NC is able to evaluate whether the composition of the Board is adequate. It also assesses whether additional competencies are required in the area where the appointment of new directors is concerned;
- In selecting new directors, suggestions made by directors were considered;
- After assessing their suitability, potential candidates are then short-listed by the NC; and
- The most suitable candidate is subsequently appointed to the Board.

Policy on External Appointments

The Group recognises that its executive directors may be invited to become non-executive directors of other companies and that exposure to such appointments can broaden the experience and knowledge of its executive directors which will benefit the Group. Executive directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interests.

The dates of initial appointment and last re-election of each director are set out below:

Name of Director	Age	Position	Date of Initial Appointment	Date of last Re-appointment/ Re-election
Mr. Bertie Cheng Shao Shiong	78	Independent	5 March 2001	30 September 2014
Mr. Tan Boen Eng	82	Independent	5 March 2001	30 September 2014
Mr. Lee Ah Fong	69	Independent	1 March 2011	26 September 2013
Mr. Gn Hiang Meng	67	Independent	1 June 2013	26 September 2013
Mr Aric Loh Siang Khee	51	Independent	1 August 2014	30 September 2014
Mr. Phua Chian Kin	56	Executive	15 August 2000	Not applicable
Ms. Saw Chin Choo	53	Executive	10 September 2004	30 September 2014
Mr. Phua Boon Kin	53	Executive	1 September 2008	27 September 2012

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

In the process of assessing the effectiveness of the Board, the contribution of individual directors plays an important role. In reviewing the re-election as well as re-appointment of any director, a formal process is established by performing an evaluation on the performance of the directors annually. Assessment on each director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The NC has conducted a Board Performance Evaluation to assess the effectiveness of the Board for FY2015.

In addition, through the NC, the Board ensures that the appointed directors possess core competencies like business experience, knowledge of accounting and finance, legal, and background understanding of the industry. This in turn allows the Board to benefit from the different viewpoints which the directors provide.

New directors will be appointed by way of a board resolution or board meeting after the NC approves of their appointment. Such new directors must submit themselves for re-election at the next AGM as provided under Article 88 of the Company's Articles of Association.

The NC has determined that given the current size of the Board, the background, experience and expertise of each director and their participation in Board and Board committee meetings, it would not be necessary to evaluate the individual performance of each director.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Prior to each meeting, the members of the Board are provided with timely management financial statements and other relevant information on material events and transactions with background and explanations to enable them to have a comprehensive understanding of the issues so as to make informed decisions. In view of the Group's size and the nature of its operations, the Group released its results on a quarterly basis. In between Board meetings, other important matters concerning the Group are also submitted to the Board for approval by way of circulating resolutions in writing and electronic communications. Any sensitive matters are to be tabled at the Board meetings or discussed without distributing meeting papers.

Either one of the joint company secretaries or their representatives would attend all the Board meetings and provide assistance to the Chairman by ensuring that the board procedures are followed. They also assist to ensure that the relevant regulations, as well as the requirements of the Companies Act and the Listing Manual of the SGX-ST have been duly complied with. The appointment and removal of the company secretary is a matter that has to be decided by the Board as a whole.

The directors have also been provided with the telephone numbers and electronic communication particulars of the Company's key executives and joint company secretaries to facilitate access. Moreover, the directors are free to seek independent professional advice, at the Company's expense, concerning all aspects of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Remuneration Committee ("**RC**") comprises three independent directors as follows:

Independent Directors
Mr. Lee Ah Fong (Chairman)
Mr. Gn Hiang Meng
Mr. Aric Loh Siang Khee

All the RC members are independent from business and management relationships. The independent directors, including Mr. Lee Ah Fong, the Chairman of the RC, are independent from substantial shareholders.

The responsibilities of the RC are as follows:

- Recommend a framework for remunerating the Board, both executive and non-executive directors and key executives; and
- Review all matters relating to remuneration of the Board and key executives.

Remuneration Matters

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component depends on the performance of each company within the Group.

The Company currently does not have any long-term incentive schemes (including employment share option scheme) for executive directors and key management personnel. In setting remuneration packages, the Company takes into account of the remuneration and employment conditions within the same industry and in comparable companies.

The Board also recommended a fixed fee for the effort, time spent and responsibilities of each independent director. The Chairman of the Board is remunerated with a higher director's fee as his level of responsibility is higher. The directors' fees are subject to shareholders' approval at the AGM. They do not have any service contracts with the Company.

The Group Chief Executive & Managing Director has a 3-year renewal service contract with removal clauses or early termination clauses. The RC would review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Company's Articles of Association govern the terms of the directors' appointment. There are safeguards in place to ensure that no one individual director represents a considerable concentration of power. The RC has full authority to engage any external professional adviser on matters relating to remuneration, if the need arises. No director is involved in the determination of his own remuneration.

The Company is currently reviewing and will be adding in new provisions into the new services contract of executive directors to allow the Company to defer part of the performance incentive bonus of the executive directors for the relevant financial year and payable, subject to there being no losses incurred in the next two consecutive financial years. For the existing service contracts with executive directors, the Company will incorporate such provisions in the next revision of the existing service contract.

For competitive and due to commercially sensitive reasons, the Company is not disclosing the remuneration of each individual director. However, the Company shall adopt the disclosure in bands of S$250,000, which, in the Company's context, would provide a good overview and is informative of the remuneration of the directors.

The Board is of the opinion that the Company's compensation policies are commercially sensitive information and full disclosure is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool.

CORPORATE GOVERNANCE REPORT

The breakdown of the level and mix of remuneration paid or payable to each director of the Company (in percentage terms) for FY2015 is as follows:

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Director's Fees %[1]	Attendance Fees %	Salaries %[2]	Bonuses %[2]
S$1,000,000 to below S$1,250,000				
Mr. Phua Chian Kin	1.5	1.0	43.0	54.5
S$500,000 to below S$1,000,000				
NIL	-	-	-	-
S$250,000 to below S$500,000				
Ms. Saw Chin Choo	3.1	1.9	77.3	17.7
Mr. Phua Boon Kin[3]	2.8	2.3	77.6	17.3
Below S$100,000				
Mr. Bertie Cheng Shao Shiong	91.8	8.2	-	-
Mr. Tan Boen Eng	88.5	11.5	-	-
Mr. Lee Ah Fong	87.1	12.9	-	-
Mr. Gn Hiang Meng	87.5	12.5	-	-
Mr. Aric Loh Siang Khee	88.7	11.3	-	-

Notes:

1 The directors' fees of S$359,400 were approved at the last AGM held on 30 September 2014. Due to reconstitution of Board Committees during FY2015, the actual directors' fees paid were S$351,468.75 ("FY2015 Directors' Fees"). The FY2015 Directors' Fees comprises directors' fees and directors' attendance fees for their attendance at meetings. Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Mr. Lee Ah Fong, Mr. Gn Hiang Meng and Mr. Aric Loh Siang Khee were paid S$78,062.50, S$49,875, S$74,062.50, S$76,687.50 and S$35,375 respectively for FY2015. Mr. Phua Chian Kin was paid S$16,406.25, Ms. Saw Chin Choo and Mr. Phua Boon Kin were paid S$10,500 each for FY2015.

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

3 Mr. Phua Boon Kin is the younger brother of Mr. Phua Chian Kin, Group Chief Executive & Managing Director.

Key Executives' Remuneration

The remuneration of each key executive (who are not directors or the CEO) is not disclosed as the Company believes that the disclosure may be prejudicial to its business interests given that it is operating in highly competitive environments.

For competitive and commercially sensitive reasons and in the interest of the Company, the names and remuneration details of the top seven key executives (who are not the directors or the CEO of the Company) are not disclosed. The remuneration for each of the top seven key executives of the Group (who are not directors or CEO of the Company) for FY2015 within the bands of S$250,000 is as follows:

Remuneration bands	FY2015
S$250,000 to below S$500,000	1
S$100,000 to below $250,000	6

The total remuneration paid to the above seven key executives was S$1,512,321.04 for FY2015, out of which, the total remuneration paid to the top five key executives was S$1,213,466.01 for FY2015.

With the exception of Mr. Phua Chian Kin, Mr. Phua Boon Kin, Mr. Phua Cher Chuan and Mr. Phua Cher Chew, there were no employees of the Group who are family members of a director or the Group Chief Executive & Managing Director of the Company, and whose remuneration exceeded S$50,000 during FY2015. Mr. Phua Boon Kin, Deputy Group Managing Director, is the younger brother of Mr. Phua Chian Kin, Group Chief Executive & Managing Director. Mr. Phua Cher Chuan, Executive Director and Chief Executive Officer of CMC Infocomm Limited and Mr. Phua Cher Chew, Executive Director and Chief Executive Officer of TEE Land Limited, are the nephews of Mr. Phua Chian Kin and Mr. Phua Boon Kin.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Company seeks to deliver maximum shareholder value by maintaining accountability of the Board to the shareholders and of the Management to the Board. The Board is accountable to shareholders for its performance.

Upon approval and authorisation given by the Board, quarterly and full-year financial statements are presented to the shareholders promptly through SGX-ST's SGXNet broadcast network ("**SGXNet**") and the Company's corporate website. The Company's latest Annual Report is also available at the Company's corporate website.

The Company also completes and submits the compliance checklists to SGX-ST (if applicable) to ensure that all announcements, circulars and letters to our shareholders comply with the minimum requirements set out in the Listing Manual of SGX-ST.

For accountability purpose, the negative assurance confirmation by the Board was incorporated into the results announcements of the first, second and third quarters. The assurance was confirmed by Mr. Phua Chian Kin, Group Chief Executive & Managing Director and Ms. Saw Chin Choo, Executive Director, for and on behalf of the Board, that to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements to be false or misleading in any material aspect.

The directors aim to present a balanced and transparent assessment of the Group's position and prospects. During the preparation of financial statements, the directors have ensured that all applicable financial reporting standards have been followed; judgments and estimates made are reasonable and prudent; and adopted appropriate accounting policies and applied them consistently. The Management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties.

Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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.

In response to the increasing scale and complexity of operations, the Group has adopted the Enterprise Risk Management ("**ERM**") Framework which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The framework is reviewed regularly taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of Group over a short-medium term are summarised in the Group Risks Register, and are being ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated by the counter measures.

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

CORPORATE GOVERNANCE REPORT

The internal audit function of the ERM is an independent, objective assurance and consulting activity. Its core role is to provide objective assurance to the Board in relation to the effectiveness of the Company's risk management. The internal audit aims to ensure that major business risks are being managed appropriately as well as risk management and internal control framework is operating effectively.

Having considered 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 for the time being.

The risk management system is an essential part of its business planning and monitoring process. On an annual basis, Management reports to the Board on the Group's risk profile, evaluates results and counters measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned.

During FY2015, the Audit Committee ("**AC**") also reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls including the adequacy and effectiveness of the Group's financial, operational, compliance and relevant communications by the external auditors as parts of their statutory audit.

The Board has received assurance from the Group Chief Executive & Managing Director and the Group Financial Controller (a) that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) that the Group's risk management and internal control systems are in place and effective.

Based on the framework of risk management and internal controls established and maintained, the work performed by the Business Control and Risk department, internal and external auditors, and the reviews performed by Management and the above assurance from the Group Chief Executive & Managing Director and the Group Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems, addressing key financial, operational, compliance, information technology and risk management objectives, and which the Group considers relevant and material to its operations were adequate and effective to meet the needs of the Group in its business environment during FY2015. The Company has complied with Rule 1207(10) of the Listing Manual of SGX-ST.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC consists of three independent directors as follows:

Independent Directors
Mr. Gn Hiang Meng (Chairman)
Mr. Lee Ah Fong
Mr. Aric Loh Siang Khee

Mr. Aric Loh Siang Khee was appointed as a member of the AC on 16 January 2015. Mr. Aric Loh Siang Khee was a former audit partner of the Company's existing auditing firm, Deloitte & Touche LLP, Singapore. He has ceased as an audit partner of Deloitte & Touche LLP, Singapore since 2013 and has no financial interest in the aforesaid auditing firm. The appointment of Mr. Aric Loh Siang Khee as a member of the AC is in compliance with the Code.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements to monitor and appraise whether the Management has created and maintained an effective control environment in the Group, as well as providing a channel of communication between the Board, the Management, the internal auditors and the external auditors, on matters arising out of the internal and external audits. Each member of the AC shall abstain from voting any resolution in respect of matters of which he is interested in.

CORPORATE GOVERNANCE REPORT

The duties of AC include the following:

- Review findings, audit plan, including nature and scope of audit before the commencement of each audit, evaluation of the Group's system of internal accounting controls, auditors' report and management letters with the internal and external auditors;
- Review quarterly and full-year financial statements and announcements before submission to the Board for approval;
- Review the assistance and co-operation given by the Management to the internal auditors and external auditors;
- Review the adequacy of internal audit function;
- Review and discuss with external auditors any suspected fraud, irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the Management's response;
- Make recommendations to the Board on the appointment or re-appointment of the internal auditors and external auditors, audit fees and matters relating to the resignation and dismissal of the auditors;
- Review any interested person transactions and ensure that each transaction has been conducted on an arm's length basis;
- Review any potential conflicts of interest; and
- Consider other matters as defined by the Board.

At least 2 members including the Chairman of the AC have sufficient accounting and related financial management expertise. All the members of the AC are suitably qualified to discharge the AC's responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of the Management. It also has full discretion to invite any director or key executive to attend its meetings. The AC has access to sufficient resources to enable it to discharge its functions properly.

Furthermore, the AC holds quarterly, half-yearly and full-year meetings to review the financial statements and related disclosures before submitting them for recommendation to the Board for approval. Before the release of the Company's quarterly results, the AC meets to review the results announcement together with the Management and if required, the external auditors, prior to its recommendations to the Board for approval.

The AC also has separate and independent access to the internal auditors and external auditors. During the year, the AC has held separate meetings with the internal auditors and external auditors without the presence of the Management to discuss the reasonableness of the financial reporting process, to review the adequacy of audit arrangements with particular emphasis on the observation and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors. Any changes to accounting standards and issues which have a direct impact on the financial statements would be raised by the external auditors and keep the AC members abreast of such changes.

The AC also conducts regular reviews of the nature, extent and costs of all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors. This is to strike a balance of the maintenance of their objectivity and their ability to provide value-for-money services.

The Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

It is noted that different auditors have been appointed for some of the overseas subsidiaries and associates. The names of the auditing firms are disclosed in Notes 16 and 17 of the Notes to Financial Statements in the Annual Report. To comply with Rule 716 of the Listing Manual of the SGX-ST, this matter has been reviewed by the AC and the Board. The AC and the Board have satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditors, Deloitte & Touche LLP, the amount of audit and non-audit fee payable to Deloitte & Touche LLP are disclosed in Note 41 of the Notes to Financial Statements in the Annual Report. The AC was satisfied that the nature and extent of such services provided will not prejudice the independence and objectivity of the external auditors, the AC has recommended their re-appointment to the Board.

CORPORATE GOVERNANCE REPORT

In addition, the AC has set up a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy are made available to all employees. All whistle-blower complaints would be reviewed by the AC at its quarterly meetings to ensure thorough investigation and adequate follow-up. On an on-going basis to bring awareness of this policy, the whistle-blowing policy is covered during staff's training or periodic communication to all staff. In addition, new incoming staff who just joined the Company will also be briefed of the policy. There were no whistle-blowing letters received during FY2015 and until the date of this Annual Report.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit function and appointed Protiviti Pte. Ltd. (the "**IA**") to provide internal audit services within the Group. The IA has unrestricted access to all the Company's documents, including access to the AC. The IA's primary line of reporting is to the Chairman of the AC.

The IA has adopted the International Standards for the Professional Practice of Internal Auditing promulgated by The Institute of Internal Auditors. The AC is satisfied that the IA is staffed with persons with the relevant qualifications and experience and has sufficient and competent resources to carry out the internal audit function for the Group.

The IA has reviewed key internal controls in selected areas in consultation with, but independent of the Management. In the review, the IA has reported its findings to the AC and recommended areas of improvement to strengthen the Group's internal control system.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors, and reviews performed by the Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance, risk management systems and information technology controls risks were adequate during FY2015.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company acknowledges the importance of open and fair communication with stakeholders and has also taken efforts to maintain a high level of transparency by issuing announcements of important transactions through SGXNet, notwithstanding that some of these transactions may not require disclosure by the Listing Manual of SGX-ST. The Group also continues to keep shareholders and stakeholders informed of the Group's corporate activities including any changes in the Group or its business that is likely to materially affect the price or value of its shares.

Disclosure of the information by the Company is made on a timely basis through communication channels such as corporate announcements through the SGXNet, the publication of the Annual Report and the holding of the AGM. All material information is also updated on the Company's corporate website at http://www.teeintl.com, which serves as a one-stop source for shareholders and stakeholders alike. The release of timely information is in line with the Company's corporate governance practices, as it enables potential investors and shareholders alike to make informed investment decisions.

The Company does not practice selective disclosure of material information. All materials on the quarterly and full-year financial statements, corporate announcements and shareholder reports are issued promptly and within the prescribed periods. The Notice of AGM is advertised in a major local newspaper.

CORPORATE GOVERNANCE REPORT

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 Annual Report.

To encourage greater shareholder participation at AGMs or other general meetings, the Company holds it AGM and other general meetings at centrally located venues that are easily accessible via public transport.

The Group does 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 deem appropriate.

Conduct of shareholder meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Shareholders can vote for resolutions or appoint not more than two proxies as mandated/provided by the Company's Articles of Association to attend the AGM on their behalf in the event that they are unable to attend. Separate resolutions on each distinct issue are proposed at the AGM for approval.

The Chairman presides yearly over the AGM and is accompanied by fellow Board members, the Chairman of the AC, NC, RC and Executive Committee respectively, the joint company secretaries or their representatives as well as other key executives. The Company's external auditors, Deloitte & Touche LLP, are also present to address any relevant queries from the shareholders.

The minutes of the AGM are prepared by the joint company secretaries, 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.

Pursuant to the Company's Articles of Association, a poll may be demanded by the Chairman of the general meeting or by at least two members or any member(s) representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting. The Company will be conducting poll voting for all the resolutions proposed at the forthcoming AGM for greater transparency in the voting process in accordance with the Listing Manual of SGX-ST.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

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.

The guidelines on share buy-back mandate to be renewed at the Company's forthcoming AGM also provides that the Company will not repurchase or acquire any share through on-market share purchases during the period commencing two weeks and one month immediately preceding the announcement of the Company's quarterly and full year results respectively.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Other than as disclosed under Interested Person Transactions, pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, no material contract involving the interests of the Group Chief Executive & Managing Director, any director or controlling shareholder has been entered into by the Company or its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial period under review.

INTERESTED PERSON TRANSACTIONS

The Group has adopted a policy in respect of any transactions with interested persons which requires all such transactions to be at arm's length, that the transactions are not prejudicial to the interests of the shareholders and reviewed by the AC during the quarterly and full-year meetings. The following disclosures have been made in compliance with Rule 907 of the Listing Manual of SGX-ST.

The aggregate values of all interested person transactions during the financial year (excluding transactions less than S$100,000) in FY2015 are as follows:

Name of interested person	Nature of Transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000	Remarks
PBT Automobile & Credit Pte. Ltd.	Rental of vehicles	155	-	Company with common shareholder and director

The AC confirms that the said transactions were within the threshold limits set out under Chapter 9 of the Listing Manual of SGX-ST and no announcement or shareholders' approval was, therefore, required. The transactions have been conducted on an arm's length basis.

USE OF PROCEEDS ARISING FROM EXERCISE OF BONUS WARRANTS

On 2 June 2014, there were bonus warrants issued on the basis of 2 warrants for every 5 existing ordinary shares in the capital of the Company held by the shareholders of the Company. The warrants can be exercised at the exercise price of S$0.25 per warrant within the period from 3 June 2014 to 26 May 2017.

The Company may utilise the net proceeds for general corporate purposes, including refinancing of existing borrowings and financing of working capital, acquisition, investment and capital expenditure requirements of the Group as the directors may deem fit.

As at 31 May 2015, the number of outstanding bonus warrants was 186,386,020. So far, 10,196,576 warrants were converted to ordinary shares at the exercise price of S$0.25 per warrant with a total net proceeds of S$2,549,000.

As at 31 August 2015, the Company has utilised the net proceeds of S$2,549,000 arising from the conversion of warrants to ordinary shares for investment in Trans Equatorial Engineering Pte Ltd, a wholly owned subsidiary of the Company as working capital.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

The Executive Committee ("**EXCO**") comprises an executive director and two independent directors as follows:

Executive Director
Mr. Phua Chian Kin (Chairman)

Independent Directors
Mr. Lee Ah Fong
Mr. Gn Hiang Meng

Within the limits of authority delegated by the Board, the EXCO reviews and approves, business opportunities, strategic investments, divestments, project budgetary report, major capital and operating expenditures. The EXCO also evaluates and recommends larger investments, capital and operating expenditures, as well as divestments to the Board for approval.

The details of the frequency of the EXCO meetings held during FY2015 and the attendance of every EXCO member at the meetings are set out below:

	EXCO Meetings	
Name of Member	**No. of meetings held***	**No. of meetings attended**
Mr. Bertie Cheng Shao Shiong[1]	2	2
Mr. Lee Ah Fong	4	4
Mr. Gn Hiang Meng	4	4
Mr. Phua Chian Kin[2]	4	4

Notes:
* Number of meetings held during the period when the respective directors served on the EXCO.
[1] Mr. Bertie Cheng Shao Shiong stepped down as EXCO Chairman w.e.f. 16 January 2015.
[2] Mr. Phua Chian Kin was appointed as EXCO Chairman w.e.f. 16 January 2015.

FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report 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, 2015.

1 DIRECTORS

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

Mr. Bertie Cheng Shao Shiong
Mr. Tan Boen Eng
Mr. Lee Ah Fong
Mr. Gn Hiang Meng
Mr. Phua Chian Kin
Ms. Saw Chin Choo
Mr. Phua Boon Kin
Mr. Aric Loh Siang Khee

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:

	Shareholdings registered in names of directors			**Shareholdings in which directors are deemed to have interests**		
Names of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At June 21, 2015**	**At beginning of year**	**At end of year**	**At June 21, 2015**
The Company			Ordinary shares			
Mr. Bertie Cheng Shao Shiong	7,300,000	7,500,000	7,500,000	4,000,000	3,900,000	3,900,000
Mr. Tan Boen Eng	207,521	207,521	207,521	-	-	-
Mr. Phua Chian Kin	257,053,156	271,866,056	272,692,156	16,376,264	16,526,264	16,526,264
Ms. Saw Chin Choo	1,229,547	1,350,000	1,350,000	3,312	3,312	3,312
Mr. Phua Boon Kin	105,172	105,172	105,172	-	-	-
A subsidiary, TEE Land Limited			Ordinary shares			
Mr. Bertie Cheng Shao Shiong	-	500,000	500,000	-	260,000	260,000
Mr. Tan Boen Eng	90,000	103,834	103,834	-	-	-
Mr. Lee Ah Fong	37,000	37,000	37,000	-	-	-
Mr. Phua Chian Kin	3,000,000	21,103,093	21,103,093	315,876,000	283,430,428	283,430,428
Ms. Saw Chin Choo	133,000	223,000	223,000	-	220	220
Mr. Phua Boon Kin	-	7,011	7,011	93,000	93,000	93,000

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Names of directors and company in which interests are held	Shareholdings registered in names of directors			Shareholdings in which directors are deemed to have interests		
	At beginning of year	At end of year	At June 21, 2015	At beginning of year	At end of year	At June 21, 2015
The Company	Warrants to subsribe for ordinary shares at the exercise price of $0.25 each					
Mr. Bertie Cheng Shao Shiong	-	4,420,000	4,420,000	-	-	-
Mr. Tan Boen Eng	-	83,008	83,008	-	-	-
Mr. Phua Chian Kin	-	96,109,262	96,109,262	-	6,400,505	6,400,505
Ms. Saw Chin Choo	-	451,365	451,365	-	1,324	1,324
Mr. Phua Boon Kin	-	68	68	-	-	-

By virtue of Section 7 of the Singapore Companies Act, Mr. Phua Chian Kin is deemed to have an interest in all the subsidiaries of the Company.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) *Options 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, other than the warrants to subscribe for ordinary shares at the exercise price at $0.25 each, as disclosed below:

Date of issue	Balance at June 1, 2014 or date of issue, if later	Exercised during the year	Balance at May 31, 2015
TEE International Limited			
Warrants over ordinary shares			
June 2, 2014	196,582,596	(10,196,576)	186,386,020

The warrants can be exercised within the period from June 3, 2014 to May 26, 2017.

(b) *Options 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 options to take up unissued shares.

(c) *Unissued shares under options*

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

REPORT OF THE DIRECTORS

6 AUDIT COMMITTEE

The Audit Committee comprised three members as at the end of the reporting period. The members of the committee at the date of this report are:

Mr. Gn Hiang Meng	(Chairman and independent director)
Mr. Lee Ah Fong	(Independent director)
Mr. Aric Loh Siang Khee	(Independent 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 five 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.

The Audit Committee has full access to and has the 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.

REPORT OF THE DIRECTORS

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
September 7, 2015

STATEMENT OF DIRECTORS

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 64 to 135 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, 2015, 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 May 31, 2015 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.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
September 7, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of TEE International Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of TEE International Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at May 31, 2015, 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 64 to 135.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the 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 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 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, 2015 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
September 7, 2015

STATEMENTS OF FINANCIAL POSITION

May 31, 2015

	Note	Group May 31, 2015 ("2015") $'000	Group May 31, 2014 ("2014") $'000 (Restated)	Group June 1, 2013 ("2013") $'000 (Restated)	Company May 31, 2015 ("2015") $'000	Company May 31, 2014 ("2014") $'000
ASSETS						
Current assets						
Cash and cash equivalents	6	24,012	32,916	38,061	677	2,848
Bank balances pledged	7	1,975	6,528	11,635	1,360	1,832
Trade receivables	8	85,273	42,811	54,143	3,661	-
Other receivables	9	20,298	17,788	11,504	17,633	23,103
Current portion of loans receivable from associates	10	19,664	23,708	13,103	3,906	3,906
Other investments		-	-	380	-	-
Inventories	11	18	-	3,452	-	-
Construction work-in-progress in excess of progress billings	12	77,809	32,637	36,439	-	-
Development properties	13	122,613	157,412	112,361	-	-
Completed property and land held for sale	13	14,973	1,216	-	-	-
Assets classified as held for sale	14	-	14,116	-	-	3,122
Total current assets		366,635	329,132	281,078	27,237	34,811
Non-current assets						
Bank balances pledged	7	429	410	-	-	-
Available-for-sale investment	15	*	*	-	-	-
Investment in associates	16	43,241	29,518	21,825	781	300
Investment in joint venture	16	808	-	-	-	-
Investment in subsidiaries	17	-	-	-	100,949	100,745
Intangible assets		-	-	4,071	-	-
Club membership	18	46	46	50	46	46
Property, plant and equipment	19	79,248	11,950	3,248	463	38
Investment properties	20	36,036	33,120	21,500	24,000	23,000
Deferred tax assets	21	1,382	113	443	-	-
Other receivables	9	10,534	11,164	8,088	-	-
Loans receivable from associates	10	19,216	28,652	25,555	-	-
Total non-current assets		190,940	114,973	84,780	126,239	124,129
Total assets		557,575	444,105	365,858	153,476	158,940

* Denotes amount less than $1,000

STATEMENTS OF FINANCIAL POSITION

May 31, 2015

	Note	Group May 31, 2015 ("2015") $'000	Group May 31, 2014 ("2014") $'000 (Restated)	Group June 1, 2013 ("2013") $'000 (Restated)	Company May 31, 2015 ("2015") $'000	Company May 31, 2014 ("2014") $'000
LIABILITIES AND EQUITY						
Current liabilities						
Bank loans and overdrafts	22	52,612	59,718	70,084	8,900	9,500
Trade payables	23	98,547	47,201	56,350	3,673	46
Other payables	24	26,101	22,600	22,969	42,528	54,007
Progress billings in excess of construction work-in-progress	12	41	490	6,395	-	-
Provision for maintenance costs	25	1,692	174	265	-	-
Current portion of finance leases	26	80	77	210	-	-
Current portion of long-term borrowings	28	50,679	38,719	13,655	5,425	17,411
Current portion of financial guarantee liabilities	30	667	734	933	667	1,025
Income tax payable		3,348	1,785	3,935	-	-
Liabilities directly associated with assets classified as held for sale	14	-	8,856	-	-	-
Total current liabilities		233,767	180,354	174,796	61,193	81,989
Non-current liabilities						
Finance leases	26	385	345	745	-	-
Long-term loan	27	4,050	4,050	4,050	-	-
Long-term borrowings	28	123,344	113,150	80,836	29,039	15,094
Term notes	29	29,577	-	-	-	-
Financial guarantee liabilities	30	1,452	2,050	2,091	1,047	2,136
Long-term deposit	31	730	730	730	730	730
Deferred tax liabilities	21	2,066	1,084	374	-	-
Other payables	24	18	13	18	-	-
Total non-current liabilities		161,622	121,422	88,844	30,816	17,960
Capital, reserves and non-controlling interests						
Share capital	32	58,701	56,151	47,978	58,701	56,151
Currency translation reserve	33	(582)	(1,072)	51	-	-
Capital reserve	34	18,737	21,084	(46)	(42)	(40)
Accumulated profits		18,709	19,875	47,007	2,808	2,880
Equity attributable to owners of the Company		95,565	96,038	94,990	61,467	58,991
Non-controlling interests	35	66,621	46,291	7,228	-	-
Net equity		162,186	142,329	102,218	61,467	58,991
Total liabilities and equity		557,575	444,105	365,858	153,476	158,940

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended May 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)
Revenue	36	217,895	202,823
Cost of sales		(182,033)	(200,315)
Gross profit		35,862	2,508
Other operating income	37	6,193	7,058
Selling and distribution expenses		(2,264)	(1,224)
Administrative expenses		(22,825)	(19,610)
Other operating expenses	38	(5,976)	(2,732)
Share of results of associates and joint venture	16	11,121	9,004
Finance costs	39	(7,037)	(3,321)
Profit (Loss) before tax		15,074	(8,317)
Income tax expense	40	(2,192)	(1,919)
Profit (Loss) for the year	41	12,882	(10,236)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences, representing other comprehensive income (loss) for the year		470	(1,214)
Total comprehensive income (loss) for the year		13,352	(11,450)
Profit (Loss) attributable to:			
Owners of the Company		11,133	(13,258)
Non-controlling interests		1,749	3,022
		12,882	(10,236)
Total comprehensive income (loss) attributable to:			
Owners of the Company		11,623	(14,381)
Non-controlling interests		1,729	2,931
		13,352	(11,450)
Earnings (Loss) per share			
Basic (cents)	43	2.24	(2.75)
Diluted (cents)	43	2.19	(2.75)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2015

	Share capital $'000	Currency translation 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, 2013, as previously stated	47,978	51	(46)	45,205	93,188	7,136	100,324
Prior year adjustments (Note 49)	-	-	-	1,802	1,802	92	1,894
Balance at June 1, 2013, as restated	47,978	51	(46)	47,007	94,990	7,228	102,218
Total comprehensive loss for the year:							
Loss for the year	-	-	-	(13,579)	(13,579)	2,889	(10,690)
Prior year adjustments (Note 49)	-	-	-	321	321	133	454
Other comprehensive loss for the year	-	(1,123)	-	-	(1,123)	(91)	(1,214)
Total comprehensive income for the year, as restated	-	(1,123)	-	(13,258)	(14,381)	2,931	(11,450)
Transaction with owners, recognised directly in equity:							
Net capital contribution from non-controlling interests	-	-	21,170	-	21,170	38,097	59,267
Issue of shares under Scrip Dividend Scheme (Note 32)	8,173	-	-	(8,173)	-	-	-
Expenses incurred on issue of bonus warrants (Note 34)	-	-	(40)	-	(40)	-	(40)
Dividends paid (Note 42)	-	-	-	(5,701)	(5,701)	(1,965)	(7,666)
Balance at May 31, 2014, as restated	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2015

	Share capital $'000	Currency translation 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, as restated	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329
Total comprehensive income for the year:							
Income for the year	-	-	-	11,133	11,133	1,749	12,882
Other comprehensive income for the year	-	490	-	-	490	(20)	470
Total comprehensive income for the year	-	490	-	11,133	11,623	1,729	13,352
Transaction with owners, recognised directly in equity:							
Disposal of a subsidiary (Note 48)	-	-	-	-	-	(2,375)	(2,375)
Issue of shares arising from exercise of warrants (Note 32)	2,550	-	-	-	2,550	-	2,550
Deemed equity injection by non-controlling interests	-	-	-	-	-	11,300	11,300
Expenses incurred on issue of bonus warrants (Note 34)	-	-	(2)	-	(2)	-	(2)
Dividends paid (Note 42)	-	-	-	(12,299)	(12,299)	(1,559)	(13,858)
Effects of changes on shareholding on non-controlling interest arising from Dividend in Specie, net	-	-	(2,345)	-	(2,345)	11,235	8,890
Balance at May 31, 2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2015

	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
Company				
Balance at June 1, 2013	47,978	-	14,239	62,217
Profit for the year, representing total comprehensive income for the year	-	-	2,515	2,515
Transaction with owners, recognised directly in equity:				
Issue of shares under Scrip Dividend Scheme (Note 32)	8,173	-	(8,173)	-
Expenses incurred on issue of bonus warrant (Note 34)	-	(40)	-	(40)
Dividends paid (Note 42)	-	-	(5,701)	(5,701)
Balance at May 31, 2014	56,151	(40)	2,880	58,991
Profit for the year, representing total comprehensive income for the year	-	-	12,227	12,227
Transaction with owners, recognised directly in equity:				
Issue of shares arising from exercise of warrants (Note 32)	2,550	-	-	2,550
Expenses incurred on issue of bonus warrant (Note 34)	-	(2)	-	(2)
Dividends paid (Note 42)	-	-	(12,299)	(12,299)
Balance at May 31, 2015	58,701	(42)	2,808	61,467

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended May 31, 2015

	Group	
	2015	**2014**
	$'000	**$'000**
		(Restated)
Operating activities		
Profit (Loss) before tax	15,074	(8,317)
Adjustments for:		
Share of results of associates and joint venture	(11,121)	(9,004)
Change in fair value of investment properties	(1,223)	(2,705)
Depreciation of property, plant and equipment	2,754	1,285
Gain on disposal of a subsidiary	(299)	-
Amortisation of deferred sales commission expenses	1,053	682
Amortisation of deferred show flat costs	315	157
Amortisation of financial guarantee liabilities	(865)	(1,035)
Amortisation of intangible assets	-	543
Amortisation of issuance costs on term notes	121	-
Allowance for doubtful trade receivables	128	1
Allowance for doubtful other receivables	2,859	3
Impairment loss on value of club membership	-	4
Allowance for diminution in value of completed land held for sale	518	733
Trade receivables written off	13	-
Property, plant and equipment written off	70	3
Gain on disposal of property, plant and equipment	(760)	(7)
Provision for maintenance costs	1,852	331
Gain on disposal of other investments	-	(11)
Change in fair value of other investments	-	16
Interest income	(2,410)	(2,409)
Interest expense	7,037	3,321
Operating cash flows before movements in working capital	15,116	(16,409)
Trade receivables	(42,603)	8,664
Other receivables	(4,147)	(8,467)
Inventories	(18)	313
Construction work-in-progress in excess of progress billings	(45,172)	3,256
Development properties	36,845	(45,784)
Completed property held for sale	(13,420)	(1,216)
Trade payables	51,346	(7,485)
Other payables	3,548	6,661
Progress billings in excess of construction work-in-progress	(449)	(5,905)
Utilisation of provision for maintenance costs	(334)	(418)
Cash generated from (used in) operations	712	(66,790)
Interest paid	(9,028)	(5,001)
Income tax paid	(966)	(2,915)
Net cash used in operating activities	(9,282)	(74,706)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2015

	Group	
	2015	**2014**
	$'000	**$'000**
		(Restated)
Investing activities		
Proceeds on disposal of property, plant and equipment	761	50
Purchase of property, plant and equipment (Note A)	(69,746)	(11,075)
Purchase of investment properties	(2,715)	(8,915)
Proceeds on disposal of an associate	182	-
Proceeds on disposal of other investments	-	375
Investment in associates	(2,678)	(783)
Investment in joint venture	(9)	-
Disposal of a subsidiary	(551)	-
Loans receivable from associates	(10,156)	(25,286)
Repayment of loan receivable from associates	23,636	11,584
Dividend received from associates	-	1,319
Interest received	431	214
Net cash used in investing activities	(60,845)	(32,517)
Financing activities		
Drawdown of bank loans	78,132	159,909
Repayment of bank loans	(83,950)	(169,300)
Drawdown of long-term borrowings	65,152	80,583
Repayment of long-term borrowings	(42,986)	(21,807)
Decrease bank balances pledged	4,534	4,697
Repayment of obligations under finance leases	(156)	(224)
Proceeds from issuance of term notes	29,456	-
Net proceeds from exercise of warrants	2,550	-
Payment of warrant issuance expenses	(2)	(40)
Deemed capital injection by non-controlling interest	11,300	-
Capital contribution from non-controlling interests	-	62,100
Payment of share issuance expenses	-	(2,833)
Dividends paid to shareholders (Note B)	(3,409)	(5,701)
Dividends paid to non-controlling interests	(1,559)	(1,965)
Net cash from financing activities	59,062	105,419
Net decrease in cash and cash equivalents	(11,065)	(1,804)
Cash and cash equivalents at beginning of year	31,373	33,243
Effect of foreign exchange rate changes	818	(66)
Cash and cash equivalents at end of year (Note 6)	21,126	31,373

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2015

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $70,123,000 (2014: $11,259,000) of which $207,000 (2014: $184,000) was acquired under finance lease arrangements. Finance cost capitalised as cost of leasehold building under construction during the financial year amounted to $170,000 (2014: $114,000) at interest rates ranging from 1.94% to 2.57% (2014: 1.92% to 1.95%) per annum.

Note B

In 2015, the Company distributed Dividend in Specie in the form of its subsidiary's share of which every fifteen shares held by each entitled shareholder will receive one subsidiary's share at a price of 26.5 cents per share amounting to $8,890,000 (Note 42). This has led to dilution of the Company's shareholdings in its subsidiary of 33,547,322 shares with cost price of 25.0 cents per share.

In 2014, the Company allotted and issued 26,797,311 ordinary shares at an issue price of 30.5 cents per share to eligible shareholders who have validly elected to participate in the TEE International Scrip Dividend Scheme in respect of the first and final ordinary dividend of 2.5 cents per share for the financial year ended May 31, 2013.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

1 GENERAL

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

The principal activities of the Company are investment holding and property investment and development.

The principal activities of its associates, joint venture and subsidiaries are disclosed in Notes 16 and 17 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended May 31, 2015 were authorised for issue by the Board of Directors on September 7, 2015.

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 share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions 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, 2014, 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 except as disclosed below:

<u>FRS 112 *Disclosure of Interests in Other Entities*</u>

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

Other than the additional disclosures, the application of FRS 112 has not had any material impact on the amounts recognised in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective.

- FRS 109 *Financial Instruments*[3]
- FRS 115 *Revenue from Contracts with Customers*[4]
- Amendments to FRS 1 *Presentation of Financial Statements*: Disclosure Initiative[2]
- Amendments to FRS 27 *Separate Financial Statements*: Equity Method in Separate Financial Statements[2]
- Amendments to FRS 110 *Consolidated Financial Statements* and Amendments to FRS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures* – Investments Entities: Applying the Consolidation Exception[2]
- Amendments to FRS 111 *Joint Arrangements*: Accounting for Acquisitions of Interests in Joint Operations[2]
- Improvements to Financial Reporting Standards (January and February 2014)[1]

(1) Applies to annual periods beginning on or after July 1, 2014, with early application permitted.
(2) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
(3) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
(4) Applies to annual periods beginning on or after January 1, 2017, with early application permitted and extension of application date of January 1, 2018, is being considered in line with International Accountancy Standard/ International Financial Reporting Standards.

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

Management anticipates that the adoption of the above FRSs, amendments and improvements to FRSs in future periods will not have material impact on the financial statements of the Group and 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) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets. The key requirements of FRS 109 are summarised below.

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.

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is 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 a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

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 recognised 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 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 as and when 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.

<u>Amendments to FRS 1 *Presentation of Financial Statements*: Disclosure Initiative</u>

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.
- Statements 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 be 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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 venture 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 accounting option must be applied by category of investments.

Amendments to FRS 110 *Consolidated Financial Statements* and Amendments to 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.

Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures* – Investments 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

- 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.

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 required to disclose the relevant information required by FRS 103 and other standards for business combination.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (January and February 2014)

The following amendments apply for annual periods beginning on or after July 1, 2014.

Standard	Topic	Key amendment
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 24 *Related Party Disclosures*	Key Management Personnel	Clarifies that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a Group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. The amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.
FRS 40 *Investment Property*	Interrelationship between FRS 103 and FRS 40	Amended to clarify that FRS 40 and FRS 103 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether (a) the property meets the definition of investment property in FRS 40 and (b) the transaction meets the definition of a business combination under FRS 103. The amendment applies prospectively for acquisitions of investment property in periods commencing on or after July 1, 2014. An entity is only permitted to adopt the amendments early and/or restate prior periods if the information to do so is available.

Management is evaluating the potential impact of the application of the above FRSs, amendments and improvements to FRSs on the financial statements of the Group and of the Company in the period of initial application.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and 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 decision 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 any non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and any non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 and considered as the cost on initial recognition of an investment in an associate or a joint venture.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the 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 the fair value of the contingent consideration that do not qualify as measurement period adjustments depends 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 in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being 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 their 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 transactions of the acquiree or the replacement of an acquiree's 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 that Standard.

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 the 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.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 instrument.

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 where 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.

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset 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 overdrafts 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).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at 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.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 leases 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.

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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 the first-in-first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

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 comprises 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Show flats 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 other receivables 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.

In the prior year, sales commission payable to estate agents were previously expensed off. In the current year, sales commission payable to estate agents are capitalised and amortised based on percentage of completion method. Retrospective restatement has been made to the prior year due to change in accounting policy mentioned above. The retrospective restatement is disclosed in Note 49.

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 (excluding freehold land) over their estimated useful lives, using the straight-line method, on the following bases:

Building on freehold land	-	2.5% to 4%
Leasehold improvements	-	20%
Computers	-	25% to 100%
Renovation	-	20%
Motor vehicles	-	10% to 100%
Machinery and tools	-	15% to 100%
Office equipment	-	15% to 20%

Freehold land is not depreciated.

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

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

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 amounts of the asset and is recognised in profit or loss.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

CLUB MEMBERSHIP - Investment in club membership held for long-term is stated at cost less any impairment to net realisable value.

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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES AND JOINT VENTURE - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consents of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. 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 a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture 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 or joint venture 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 or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 or a joint venture 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 a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Construction contracts

Revenue from construction contract is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. 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.

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.

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 profit or loss and other 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 its 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.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interest in associates and joint venture, 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 difference 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 reporting 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 amount of such properties is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within a business model of the Group whose business objective 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 properties 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the 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 directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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, 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 are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

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

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, project accounts less pledged fixed deposits and bank overdrafts and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

The 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 47 to the financial statements and those involving estimates as discussed below.

(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 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 of 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 and Company make 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.

In 2015, the Group made full allowance for a deposit amounting to $3,374,000 (2014: $Nil) 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 as disclosed in Note 9.

Included in other receivables due from related parties is an amount of $3,750,000 (2014: $3,750,000) due from a company in which the Group has a 10% equity interest (Note 15). The Group has assessed and determined that there is no event or changes in circumstances which indicate the balance is not collectible.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

(iii) Loans receivable from associates

The Group and Company make 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 judgment 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 estimates has been changed. The carrying amount of the Group's and Company's loans receivable from associates is disclosed in Note 10.

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

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

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

The carrying amounts of the Group's and Company's investment in associates and joint venture and the Company's investment in subsidiaries are disclosed in Notes 16 and 17 respectively.

(v) Construction work-in-progress

The costs of uncompleted contracts are computed based on the estimates of total contract costs for the respective contracts.

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

Based on the above studies, the management is of the opinion that the carrying amount as at the end of the reporting period is reasonable.

The carrying amount of the Group's construction work-in-progress is disclosed in Note 12.

(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 20. 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 valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The carrying amounts of investment properties at the end of the reporting period are disclosed in Note 20.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

(vii) Development properties, completed property and land held for sale

Development properties, completed property 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 amount of the Group's development properties and completed property and land held for sale are disclosed in Note 13.

(viii) Provision for maintenance costs

The Group provides for maintenance costs based on management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects based on past experience.

Management is of the opinion that the provision for maintenance costs as at the end of the reporting period is reasonable.

The carrying amount of the Group's provision for maintenance costs is disclosed in Note 25.

(ix) Deferral of show flats costs

Show flats 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 in the consolidated statement of financial position until the show flats are ready for use and 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 flats cost is disclosed in Note 9.

(x) Deferral of sales commission expenses

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 when the related revenue is recognised.

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

(xi) 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 1 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 19.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

(xii) 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 (ie. 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 19.

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	
	2015 $'000	**2014 $'000 (Restated)**	**2015 $'000**	**2014 $'000**
Financial assets				
Loans and receivables (including cash and bank balances)	178,036	157,832	26,961	31,646
Financial liabilities				
Amortised cost	384,630	285,260	90,295	96,788
Financial guarantee liabilities	2,119	2,784	1,714	3,161

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

Financial liabilities consist of bank loans and overdrafts, trade payables, other payables, finance leases, long-term loan, long-term borrowings, term notes, financial guarantee liabilities and long-term deposit excluding advances received from customers.

(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 uses derivative financial instruments to manage its exposure to interest rate risk including interest rate swap to mitigate the 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

Foreign exchange risk management

The Group transacts business in various foreign currencies including United States ("US") Dollar, Thai Baht, Malaysian Ringgit, New Zealand Dollar and Australian 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:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
US Dollar	80	162	12	23	-	-	-	-
Thai Baht	2,834	2,061	1,407	1,279	-	-	-	-
Malaysian Ringgit	-	-	23	26	-	-	23	26
New Zealand Dollar	-	4,900	7	12	-	-	-	-
AUD	-	18	47	1,104	-	-	-	-

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 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 increase (decrease) by:

	US Dollar impact		Thai Baht impact		Malaysian Ringgit impact		New Zealand Dollar impact		AUD impact	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group										
Profit or loss	7	14	143	78	(2)	(3)	(1)	489	(5)	(109)
Company										
Profit or loss	-	-	-	-	(2)	(3)	-	-	-	-

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on cash and bank balances and borrowings. The Group obtained financing through bank loans, overdrafts and finance leases and the details of the Group's interest rate exposure is disclosed in Notes 22, 26 and 28.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates 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, 2015 would decrease/increase by $373,000 (2014: loss for the year would increase/decrease by $411,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended May 31, 2015 would decrease/increase by $174,000 (2014: $178,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

The Group's principal financial assets are cash and bank balances, trade and other receivables and loans receivable from associates.

The credit risk on cash and bank balances and derivative financial instruments 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 amounts presented in the statement 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, if the full guaranteed amount is claimed by the counterparty to the guarantee are $79,574,000 and $166,123,000 (2014: $111,351,000 and $341,097,000) 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.

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.

As at May 31, 2015, the Company's current liabilities exceeded its current assets by $33,956,000 (2014: $47,178,000). Management is of the view that its subsidiaries will be able to provide financial support, by way of issue of dividends, to enable the Company to meet its financial obligations as and when they fall due.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

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

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 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						
2015						
Non-interest bearing	-	127,953	-	-	-	127,953
Finance lease liability (fixed rate)	5.31	104	366	61	(66)	465
Variable interest rate instruments	3.76	102,763	98,499	18,983	(19,146)	201,099
Fixed interest rate instruments	3.88	9,075	35,585	15,291	(4,838)	55,113
Financial guarantee liabilities	-	78,122	1,310	142	(77,455)	2,119
2014						
Non-interest bearing	-	73,251	-	-	-	73,251
Finance lease liability (fixed rate)	5.31	98	342	43	(61)	422
Variable interest rate instruments	3.35	92,580	107,088	15,110	(16,896)	197,882
Fixed interest rate instruments	5.02	13,185	1,316	-	(796)	13,705
Financial guarantee liabilities	-	109,301	1,749	301	(108,567)	2,784

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

(b) Financial risk management policies and objectives (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						
2015						
Non-interest bearing	-	46,931	-	-	-	46,931
Variable interest rate instruments	3.42	9,011	20,893	11,444	(6,544)	34,804
Fixed interest rate instruments	3.38	6,828	2,058	-	(326)	8,560
Financial guarantee liabilities	-	165,076	1,047	-	(164,409)	1,714
2014						
Non-interest bearing	-	54,783	-	-	-	54,783
Variable interest rate instruments	3.68	23,057	6,804	10,802	(5,004)	35,659
Fixed interest rate instruments	3.75	5,419	1,273	-	(346)	6,346
Financial guarantee liabilities	-	338,961	1,835	301	(337,936)	3,161

The earliest period that the guarantee could be called is within 1 year (2014: 1 year) from the end of the reporting period. The Group and Company considers that it is more likely than not that no amount will be payable under the arrangement.

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 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

(b) *Financial risk management policies and objectives (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
Group						
2015						
Non-interest bearing	-	135,498	7,278	-	-	142,776
Fixed interest rate instruments	4.43	23,889	12,937	-	(1,566)	35,260
2014 (Restated)						
Non-interest bearing	-	90,512	7,233	-	-	97,745
Fixed interest rate instruments	4.02	40,209	23,073	-	(3,195)	60,087
Company						
2015						
Non-interest bearing	-	21,695	-	-	-	21,695
Fixed interest rate instruments	4.33	5,494	-	-	(228)	5,266
2014						
Non-interest bearing	-	25,908	-	-	-	25,908
Fixed interest rate instruments	3.03	5,908	-	-	(170)	5,738

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions 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.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

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

(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 balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 22, 26 and 28 and equity attributable to owners of the Company, comprising of share capital, reserves and accumulated profits. The Group is required to maintain maximum 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.

The Group monitors capital using debt ratio as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
		(Restated)
Total debt	256,677	212,009
Total assets	557,575	444,105
Total equity	162,186	142,329
Debt-to-total assets ratio (times)	0.46	0.48
Debt-to-total equity ratio (times)	1.58	1.49

The Group's overall strategy with regards to capital risk management remains unchanged from 2014.

Breach of bank covenants

At the end of the reporting period, 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, a waiver of the breach of the loan covenants from the relevant lender was obtained. Consequently, the secured borrowings of $16,951,000 was reclassified from non-current liabilities to current liabilities.

In the prior year, the Group and Company had breached a bank covenant of interest cover ratio as a result of an one-off project cost overrun on a completed project. The breach entitled certain banks the right to review the facilities, including the right to demand immediate repayment of bank borrowings of $22,059,000 for the Group and $15,858,000 for the Company. Consequently, non-current portion of long-term borrowings of $13,373,000 was reclassified to current liabilities. In the current year, long-term borrowings of $13,373,000 was reclassified back from current to non-current liabilities as waiver for the breach of interest cover ratio bank covenant was obtained.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

5 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 are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

		Group	
		2015 $'000	**2014 $'000**
(a)	Associates and joint venture		
	Interest income	2,339	2,350
	Purchase of investment properties	(1,963)	-
	Financial guarantee income	865	1,035
	Consultancy and service income	139	54
	Provision of engineering services	682	-
(b)	Company in which a director has significant financial interest		
	Rental expenses	155	105

(c) Compensation of directors and key management personnel

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

	Group	
	2015 $'000	**2014 $'000**
Short-term benefits	3,561	6,104
Post-employment benefits	130	108

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

(d) Finance lease entered on behalf of a director

The Group had entered into a finance lease for the purchase of a motor vehicle on behalf of a director who undertakes to repay the finance lease. As at the end of the reporting period, the finance lease of $41,000 (2014: $71,000) was not recorded into the Group's financial statements.

(e) Guarantees given to related parties

No guarantees have been given except that the financial guarantee liabilities (Note 30) pertaining to the effects of fair value of corporate guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

(f) Provision of civil and structural engineering consultancy services

An independent non-executive director of a subsidiary is a director of an entity that controls a firm which provided civil and structural engineering consultancy amounting to $34,000 (2014: $40,000).

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

5 RELATED PARTY TRANSACTIONS (cont'd)

(g) Professional fees paid to an independent non-executive director

An independent non-executive director of the Company is an equity partner of a firm which provided professional services amounting to $30,000 (2014: $Nil).

(h) Purchase of Multicurrency Medium Term Note issued by a subsidiary by the spouse of an independent non-executive director

In 2015, the spouse of an independent non-executive director of the Group has purchased $250,000 of Multicurrency Medium Term Note ("MTN") issued by a subsidiary under the MTN Programme.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at banks	14,501	11,468	676	2,811
Cash on hand	68	109	1	37
Project accounts:				
Cash at banks	8,189	13,317	-	-
Fixed deposits	-	8,013	-	-
Fixed deposits	1,254	9	-	-
	24,012	32,916	677	2,848
Add: Cash and cash equivalents reclassified held for sale (Note 14)	-	2,631	-	-
Less: Bank overdrafts (Note 22)	(2,886)	(4,174)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	21,126	31,373	677	2,848

Fixed deposits bear average effective interest rate of 0.59% (2014: 0.32%) per annum and for a tenure of approximately 136 days (2014: 124 days).

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.

7 BANK BALANCES PLEDGED

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Bank balances pledged	2,404	6,938	1,360	1,832
Less: Amounts receivable within 12 months (shown under current assets)	(1,975)	(6,528)	(1,360)	(1,832)
Amounts receivable after 12 months	429	410	-	-

These bank balances were pledged as security for certain bank facilities and bear average effective interest rate of 1.95% (2014: 0.59%) per annum and for a tenure of approximately 730 days (2014: 596 days).

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

8 TRADE RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Associates (Notes 5 and 16)	-	17	-	-
Contract trade receivables	43,096	39,582	3,661	-
Retention sums	34,090	2,727	-	-
Others	8,087	485	-	-
Total	85,273	42,811	3,661	-

The average credit period given to customers is 14 to 45 days (2014: 14 to 45 days). No interest is charged on the outstanding trade receivables.

Before accepting any new customer, the Group and Company assess the potential customer's credit quality and define credit limits by customer.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and rendering of services by the Group to third parties of $127,000 (2014: $1,000) and by the Company to a subsidiary of $Nil (2014: $3,285,000) respectively. This allowance has been determined by reference to past default experience.

The Group and the Company closely monitor the credit quality of its trade receivables and consider trade receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of $1,221,000 (2014: $193,000) and $Nil (2014: $Nil) respectively which are past due at the end of the reporting period for which the Group and Company have not made allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 175 days (2014: 178 days).

In determining the recoverability of a trade receivable, the Group and Company consider 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. The Group has thirteen (2014: eleven) customers making up $17,911,000 (2014: $16,864,000) which accounted for 21.0% (2014: 39.4%) of the Group's trade receivables. Management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

Movements in the allowance for doubtful debts:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of the year	1	107	3,285	-
Foreign currency exchange adjustment	(1)	-	-	-
Amounts utilised during the year	(8)	-	-	-
Amounts written off during the year	7	-	(3,285)	-
Increase in allowance recognised in profit or loss (Note 38)	128	1	-	3,285
Reclassified as held for sale (Note 14)	-	(107)	-	-
At end of the year	127	1	-	3,285

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

9 OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000 (Restated)	2015 $'000	2014 $'000
Associates and joint venture (Notes 5 and 16)	719	1,404	19	4
Subsidiaries (Note 17)	-	-	16,108	22,114
Related parties (Note 5)	4,093	3,791	-	-
Interest receivables due from associates (Notes 5 and 16)	7,655	5,858	1,211	890
Interest receivables	8	-	-	-
Deferred sales commission expenses	733	871	-	-
Deferred show flat costs	900	580	-	-
Prepayments	1,732	51	276	43
Deposits	1,337	5,659	19	2
Joint developer	10,971	6,309	-	-
Advances to a director of a subsidiary	54	18	-	-
Outside parties	2,630	4,411	-	50
	30,832	28,952	17,633	23,103
Less: Amounts receivable within 12 months (shown under current assets)	(20,298)	(17,788)	(17,633)	(23,103)
Amounts receivable after 12 months	10,534	11,164	-	-

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.

Management has assessed the credit worthiness of the other receivables and allowances have been determined by reference to past default experience.

(a) The advances to a director of a subsidiary are unsecured, interest-free and not repayable within the next twelve months. An allowance has been made for estimated irrecoverable amounts by the Group of $Nil (2014: $471,000).

(b) Included in other receivables due from related parties are amounts of $3,750,000 and $343,000 (2014: $3,750,000 and $41,000) which are due from a company in which Group has a 10% equity interest (Note 15) and non-controlling shareholders respectively. Both amounts are unsecured, interest-free and repayable after 12 months from the end of the reporting period. The fair value approximates its carrying amount.

(c) The amounts due from outside parties are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Group of $Nil (2014: $21,000).

(d) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Company of $19,451,000 (2014: $16,166,000) .

(e) The Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore. 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.

An amount of $6,309,000 (2014: $6,309,000) due from joint developer is unsecured, interest-free and to be repaid upon settlement of the final account. The settlement of the final account is expected to be after 12 months from the reporting date. The remaining amount of $4,662,000 (2014: $Nil) due from joint developer is unsecured, interest-free and repayable within 12 months from the reporting date. The fair value of the amount due from joint developer approximates its carrying amount.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

9 OTHER RECEIVABLES (cont'd)

(f) Deferred sales commission expenses are recognised as and when revenue is recognised.

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

(g) In 2015, included in the deposits are the options for purchase of properties amounted to $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 26 plots of freehold land (the "Land") located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia respectively. At the end of the reporting period, the Group terminated the acquisition of the Land as a result of non-compliance of conditions precedent by the seller and assessed the balance of $3,374,000 may not be collectible and hence provided as doubtful receivables.

In 2014, included in the deposits are the option for purchase of properties amounted to $1,051,000 and $3,592,000 for an option to purchase a 3-star hotel in Sydney, Australia and a deposit to acquire 26 plots of freehold land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia respectively.

Movements in the allowance for doubtful debts:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of the year	492	541	16,166	2,017
Foreign currency exchange adjustment	24	(49)	-	-
Amount written off during the year	-	(3)	-	-
Increase in allowance recognised in profit or loss (Note 38)	2,859	3	3,285	14,149
At end of the year	3,375	492	19,451	16,166

10 LOANS RECEIVABLE FROM ASSOCIATES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Loans receivable from associates	38,880	52,360	3,906	3,906
Less: Amounts receivable within 12 months (shown under current assets)	(19,664)	(23,708)	(3,906)	(3,906)
Amounts receivable after 12 months	19,216	28,652	-	-

Included in the loans receivable from associates is an amount of $7,278,000 (2014: $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 amount of $31,602,000 (2014: $45,082,000) is unsecured, bears interest which is fixed at rates ranging from 5.00% to 8.00% (2014: 5.00% to 8.00%) per annum. Management has assessed the credit worthiness of the associates and believes that no allowance is required for the loans receivable from associates.

The fair value of the Group's and Company's loans receivable from associates approximates their carrying amounts as their interest rates approximate current market interest rates on or near the end of the reporting period.

The Group executed two deeds of subordination (the "Deeds") to secure all liabilities and indebtedness of two (2014: two) of its associates. As a result of the Deeds, the loans receivable from associates amounting to $4,666,000 (2014: $5,356,000) are subordinated in rank to the credit facilities granted by the banks to the associates.

NOTES TO FINANCIAL STATEMENTS
May 31, 2015

11 INVENTORIES

	Group 2015 $'000	Group 2014 $'000
At cost:		
Consumables	18	-

12 CONSTRUCTION WORK-IN-PROGRESS

	Group 2015 $'000	Group 2014 $'000
Contract cost incurred plus recognised profits	113,846	288,999
Less: Progress billings	(36,078)	(256,852)
Net	77,768	32,147
Presented in the statements of financial position as:		
Construction work-in-progress in excess of progress billings	77,809	32,637
Progress billings in excess of construction work-in-progress	(41)	(490)
Net	77,768	32,147

13 DEVELOPMENT PROPERTIES

	Group 2015 $'000	Group 2014 $'000
Cost incurred plus attributable profit	151,171	183,671
Progress billings	(12,334)	(24,310)
Allowance for diminution in value	(1,251)	(733)
Net	137,586	158,628
Presented in the statements of financial position as:		
Development properties	122,613	157,412
Completed property and land held for sale	14,973	1,216
Total	137,586	158,628

Allowance for diminution in value

	Group $'000
Balance as at June 1, 2013	-
Charge to profit or loss (Note 38)	733
Balance as at May 31, 2014	733
Charge to profit or loss (Note 38)	518
Balance as at May 31, 2015	1,251

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

13 DEVELOPMENT PROPERTIES (cont'd)

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 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 and completed property and land held for sale as at May 31, 2015 are as follows:

Name of Property/location	Description	Tenure	Estimated percentage of completion	Year to be completed/ completed	Land area (sq m)	Gross floor area (sq m)	Group's interest in property
Properties in the course of development:							
The Peak @ Cairnhill II, 55, 57, 59 and 61 Cairnhill Circle, Singapore[(1)]	60 units of residential apartment	Freehold	74%	October 2015	1,509	4,642	17%
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	*	May 2017	2,026	2,837	63%
183 Upper Thomson Road, Singapore	43 residential units and 16 commercial units	Freehold	*	December 2019	1,576	4,728	63%
PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia	701 residential units and 31 commercial units	Freehold	6%	December 2017	24,085	72,257	63%
Completed property and land held for sale:							
The Peak @ Cairnhill I, 47,49 and 51 Cairnhill Circle, Singapore	20 units of residential apartment	Freehold	100%	-	978	3,008	17%
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	37 plots of land	50 years leasehold from October 14, 2011	100%	-	6,029	-	41%

(1) These properties in the course of development are joint developments (Note 9).

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

13 DEVELOPMENT PROPERTIES (cont'd)

Certain development properties were pledged to banks to secure long-term borrowings granted to the Group as disclosed at Notes 22 and 28 respectively.

Finance costs capitalised as cost of development properties during the financial year amounted to $2,901,000 (2014: $2,194,000). The rate of interest relating to finance costs capitalised in development properties for the Group during the financial year is 1.41% to 7.60% (2014: 1.41% to 7.35%) per annum.

14 ASSETS CLASSIFIED HELD FOR SALE

In 2014, management had committed to divest its interest in its 55% owned subsidiary, Interlift Sales Pte Ltd ("Interlift"). The divestment was effected in order to generate cash flow for working capital purposes. On July 10, 2014, the Company had entered into a sales and purchase agreement with third parties to dispose its interest in Interlift for a total consideration of $3,202,000, which shall be settled in cash and set-off against the contingent consideration of $1,122,000. The divestment was expected to be completed within 12 months and accordingly, the investment was classified as asset classified held for sale and are presented separately in the statement of financial position. The operation of Interlift is included in the Group's engineering activity for segment reporting purposes.

The proceed of disposal were expected to exceed the Group's share of the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised. In the current year, the disposal of Interlift was completed and a gain on disposal of $299,000 (Note 37) was recognised.

The major classes of assets and liabilities comprising the disposal entity classified as held for sale were as follows:

	Group 2014 $'000	Company 2014 $'000
Asset classified as held for sale		
Cash and cash equivalents	2,631	-
Trade receivables	2,667	-
Other receivables	404	-
Inventories	3,139	-
Construction work-in-progress	546	-
Property, plant and equipment	1,201	-
Intangible assets	3,528	-
Investment in subsidiary	-	3,122
Total assets classified as held for sale	14,116	3,122
Liabilities directly associated with asset classified as held for sale		
Bank loans and overdrafts	(331)	-
Trade payables	(1,664)	-
Other payables	(5,353)	-
Provision for maintenance costs	(4)	-
Finance leases	(470)	-
Long-term borrowings	(921)	-
Income tax payable	(19)	-
Deferred tax liabilities	(94)	-
Total liabilities directly associated with asset classified as held for sale	(8,856)	-
Net	5,260	3,122

NOTES TO FINANCIAL STATEMENTS
May 31, 2015

15 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'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 subsidiary of the Group 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.

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2015 $'000	2014 $'000 (Restated)	2015 $'000	2014 $'000
Associates				
Unquoted equity shares, at cost	15,051	12,555	781	300
Deemed cost of investment	5,792	5,592	-	-
Share of post-acquisition reserves, net of dividend received	22,398	11,371	-	-
Total	43,241	29,518	781	300
Joint venture				
Unquoted equity shares, at cost	9	-	-	-
Share of post-acquisition reserves, net of dividend received	799	-	-	-
Total	808	-	-	-

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.

Management had performed an impairment review on the investment of associates and no impairment loss is recognised during the financial year based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Details of the Group's significant associates and joint venture at May 31, 2015 are as follows:

Name of associate/joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held 2015 %	 2014 %
Associates			
Unique Development Pte. Ltd. ("UDPL") Singapore[3][5]	Development of real estate	13	14
Unique Realty Pte. Ltd. ("UREL") Singapore[3][5]	Development of real estate	13	14
Residenza Pte. Ltd. ("RPL") Singapore[3][5]	Development of real estate	20	23
Unique Consortium Pte. Ltd. ("UCPL") Singapore[1][5]	Development of real estate	13	14
Development 26 Pte. Ltd. ("D26") Singapore[3][5]	Development of real estate	28	32
Chewathai Ltd ("CWL") Thailand[2][5][6]	Development of real estate	31	35
Global Environmental Technology Co., Ltd. ("GETCO") Thailand[2]	Wastewater treatment	49	49
CMTE Technology Sdn. Bhd. ("CMTE") (Previously known as CMC Communication Sdn. Bhd,)[3]	Telecommunications engineering	50	50
Joint venture			
TEE-HC Engineering Company Limited Macau[4]	Provision of mechanical and electrical engineering	55	-

(1) Audited by Deloitte & Touché 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 for equity accounting purposes for Group consolidation.
(4) Audited by another firm of auditors, KPMG, Macau for equity accounting purposes for Group consolidation.
(5) Held by a subsidiary, TEE Land Limited (Note 17).
(6) Filed its listing application to be listed on the Market for Alternative Investment, Stock Exchange of Thailand's alternative stock market. The remaining 51% of proportion of ownership interest and voting power are equally held by Chartchewa Co., Ltd and seven individuals.

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.

The Group has not recognised its share of losses amounting to $311,000 (2014: $7,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were $318,000 (2014: $7,000).

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

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

	Group 2015 $'000	Group 2014 $'000 (Restated)
Total assets	678,724	628,329
Total liabilities	(554,761)	(549,441)
Net assets	123,963	78,888
Group's share of associates' and joint venture's net assets	38,257	23,926
Revenue	271,464	256,842
Profit for the financial year	41,303	31,503
Group's share of associates' and joint venture's results for the financial year	11,121	9,004

The summarised financial information below represents amounts shown in the associates' and joint venture's 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 and joint venture is set out below.

Summarised statement of financial position

2015

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMTE $'000	Individually immaterial associates $'000	Total $'000	TEE-HC Engineering $'000	Total $'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	31%	49%	50%	13-28%		55%	
Current assets	66,802	96,816	33,160	2,967	32,925	111,169	8,154	11,670	153,935	517,607	6,883	524,490
Non-current assets	-	-	-	105,497	1	20,310	9,377	4,874	14,175	154,234	-	154,234
Current liabilities	(32,293)	(10,550)	(22,782)	(926)	(2,165)	(35,246)	(3,745)	(4,423)	(38,246)	(150,376)	(5,414)	(155,790)
Non-current liabilities	(14,463)	(74,841)	(5,151)	(83,100)	(20,708)	(70,061)	(4,753)	(7,607)	(118,287)	(398,971)	-	(398,971)
Net assets	20,046	11,425	5,227	24,447	10,053	26,172	9,033	4,514	11,577	122,494	1,469	123,963
Group's share of net assets	4,009	2,285	1,673	4,890	4,524	10,148	4,426	2,257	2,777	36,989	808	37,797
Deemed cost of investment	1,070	610	200	690	312	1,185	-	-	1,725	5,792	-	5,792
Other adjustments	-	-	-	-	-	-	-	-	460	460	-	460
Carrying amount of the group's interest in associate and joint venture	5,079	2,895	1,873	5,580	4,836	11,333	4,426	2,257	4,962	43,241	808	44,049

NOTES TO FINANCIAL STATEMENTS
May 31, 2015

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of profit or loss and comprehensive income

2015

	Associates										Joint Venture	
	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMTE $'000	Individually immaterial associates $'000	Total $'000	TEE-HC Engineering $'000	Total $'000
Revenue	62,108	92,825	27,763	-	20,803	20,294	5,980	16,328	3,659	249,760	21,704	271,464
Profit (Loss) for the year	3,397	7,334	3,228	20,200	2,918	1,792	958	(249)	295	39,873	1,430	41,303

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

Summarised statement of financial position

2014
(Restated)

	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMTE $'000	Individually immaterial associates $'000	Total $'000
Proportion of the group's effective ownership interest	14%	14%	23%	14%	32%	35%	49%	50%	14-32%	
Current assets	138,100	105,897	33,064	4,903	38,281	39,105	9,058	11,239	150,154	528,991
Non-current assets	-	-	-	52,843	1	18,850	9,313	5,476	12,855	99,338
Current liabilities	(82,914)	(4,805)	(1,105)	(1,126)	(5,980)	(11,916)	(4,834)	(5,446)	(26,888)	(145,014)
Non-current liabilities	(38,537)	(97,002)	(29,958)	(51,563)	(25,167)	(23,442)	(5,410)	(7,401)	(125,947)	(404,427)
Net assets	16,649	4,090	2,001	4,247	7,135	22,597	8,127	3,868	10,174	78,888
Group's share of net assets	3,329	818	640	849	3,210	6,833	3,982	1,934	2,200	23,795
Deemed cost of investment	995	610	205	550	312	1,185	-	-	1,735	5,592
Other adjustments	-	-	-	-	-	-	-	-	131	131
Carrying amount of the group's interest in associates	4,324	1,428	845	1,399	3,522	8,018	3,982	1,934	4,066	29,518

Summarised statement of profit or loss and comprehensive income

2014
(Restated)

	UDPL $'000	UREL $'000	RPL $'000	UCPL $'000	D26 $'000	CWL $'000	GETCO $'000	CMTE $'000	Individually immaterial associates $'000	Total $'000
Revenue	110,216	45,692	14,204	-	36,834	30,005	3,984	15,907	-	256,842
Profit (Loss) for the year	13,499	2,987	1,596	3,929	5,421	5,448	629	(675)	(1,331)	31,503

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

17 INVESTMENT IN SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares, at cost	100,304	100,166
Deemed cost of investment	2,156	2,090
Impairment loss	(1,511)	(1,511)
Net	100,949	100,745

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.

Management had performed an impairment review on the investment of subsidiaries and is of the view that no impairment is required during the financial year based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

Details of the Company's significant subsidiaries at May 31, 2015 are as follows:

Name of subsidiary/Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2015 %	2014 %
Trans Equatorial Engineering Pte. Ltd. Singapore[(1)]	Provision of mechanical and electrical engineering services	100	100
PBT Engineering Pte. Ltd. Singapore[(1)]	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100	100
TEE Resources Pte Ltd Singapore[(1)]	Investment holding	100	100
TEE Land Limited Singapore[(1)]	Development of real estate and investment holding	63.18	70.69
TEE M&E Engineering Sdn Bhd[(2)]	Provision of mechanical and electrical engineering services	100	100

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by another firm of auditors, S Y Kwong, Foong & Co., Malaysia.

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 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

17 INVESTMENT IN SUBSIDIARIES (cont'd)

Information about the composition of wholly-owned and non wholly-owned subsidiaries of the Group as at May 31, 2015 and 2014 is as follows:

		Number of wholly-owned subsidiaries		Number of non wholly-owned subsidiaries	
Principal activity	**Place of incorporation and operation**	**2015**	**2014**	**2015**	**2014**
Mechanical and electrical engineering services	Singapore, Malaysia, Vietnam, Philippines, Cambodia, Hong Kong, Brunei	12	12	1	2
Development of real estates	Singapore, Thailand, Malaysia, New Zealand, Australia	-	-	23	19
Infrastructure and wastewater treatment	Singapore, Thailand	3	2	3	3

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

		Effective equity interest and voting power held by non-controlling interest		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**Place of incorporation and operation**	**2015 %**	**2014 %**	**2015 \$'000**	**2014 \$'000**	**2015 \$'000**	**2014 \$'000**
					(Restated)		**(Restated)**
TEE Land Limited	Singapore	36.82	29.31	1,527	3,455	67,968	45,448
Individually immaterial subsidiaries with non-controlling interest				222	(433)	(1,347)	843
				1,749	3,022	66,621	46,291

The summarised financial information of TEE Land Limited and its subsidiaries on a 100% basis is set out below:

	2015 \$'000	**2014 \$'000**
Current assets	226,813	232,235
Non-current assets	158,277	85,658
Current liabilities	87,427	62,661
Non-current liabilities	130,581	103,235
Equity attributable to owners	155,959	150,070

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

17 INVESTMENT IN SUBSIDIARIES (cont'd)

	2015 $'000	2014 $'000 (Restated)
Revenue for the year	60,157	40,301
Expenses	(51,181)	(28,571)
Profit for the year	8,976	11,730
Profit attributable to:		
Owners of the company	11,086	11,705
Non-controlling interests	(2,110)	25
Profit for the year	8,976	11,730
Other comprehensive income (loss) attributable to:		
Owners of the company	121	(689)
Non-controlling interests	6	(3)
Other comprehensive income (loss) for the year	127	(692)
Total comprehensive income attributable to:		
Owners of the company	11,207	11,016
Non-controlling interests	(2,104)	22
Total comprehensive income for the year	9,103	11,038
Net cash outflow used in operating activities	(1,825)	(61,601)
Net cash outflow used in investing activities	(60,111)	(36,516)
Net cash inflow from financing activities	53,758	94,957
Net cash outflow	(8,178)	(3,160)

18 CLUB MEMBERSHIP

	Group and Company	
	2015 $'000	2014 $'000
Club membership, at cost	73	73
Impairment loss	(27)	(27)
Net	46	46

Management had performed an impairment review on the club membership based on its estimated fair value less cost to sell and this led to impairment loss of $Nil (2014: impairment loss of $4,000) recognised during the financial year.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

19 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings on freehold land $'000	Leasehold building under construction $'000	Leasehold improvements $'000	Computers $'000	Renovation $'000	Motor vehicles $'000	Machinery and tools $'000	Office equipment $'000	Total $'000
Group										
Cost:										
At June 1, 2013	39	-	-	219	893	570	4,149	1,701	489	8,060
Foreign currency exchange adjustment	(3)	-	-	(18)	(1)	(3)	(35)	(37)	(7)	(104)
Additions	-	-	10,315	65	219	8	276	119	257	11,259
Write-offs/Disposals	-	-	-	-	(182)	-	(172)	-	(26)	(380)
Reclassified as held for sale (Note 14)	-	-	-	(62)	(82)	-	(582)	(430)	(101)	(1,257)
At May 31, 2014	36	-	10,315	204	847	575	3,636	1,353	612	17,578
Foreign currency exchange adjustment	2	-	-	10	(1)	(85)	(15)	8	(18)	(99)
Additions	10,816	36,050	12,283	-	849	1,353	201	12	8,559	70,123
Write-offs/Disposals	-	-	-	-	(120)	(127)	(890)	(3)	(27)	(1,167)
At May 31, 2015	10,854	36,050	22,598	214	1,575	1,716	2,932	1,370	9,126	86,435
Accumulated depreciation:										
At June 1, 2013	-	-	-	219	676	301	2,345	1,019	252	4,812
Foreign currency exchange adjustment	-	-	-	(19)	(1)	(3)	(16)	(35)	(4)	(78)
Depreciation	-	-	-	5	138	217	607	234	84	1,285
Write-offs/Disposals	-	-	-	-	(182)	-	(128)	-	(25)	(335)
Reclassified as held for sale (Note 14)	-	-	-	(5)	(28)	(9)	70	(70)	(14)	(56)
At May 31, 2014	-	-	-	200	603	506	2,878	1,148	293	5,628
Foreign currency exchange adjustment	-	(38)	-	9	-	(15)	(8)	8	(54)	(98)
Depreciation	-	574	-	1	211	365	561	200	842	2,754
Write-offs/Disposals	-	-	-	-	(120)	(70)	(890)	(2)	(15)	(1,097)
At May 31, 2015	-	536	-	210	694	786	2,541	1,354	1,066	7,187
Carrying amount:										
At May 31, 2015	10,854	35,514	22,598	4	881	930	391	16	8,060	79,248
At May 31, 2014	36	-	10,315	4	244	69	758	205	319	11,950

NOTES TO FINANCIAL STATEMENTS
May 31, 2015

19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detail 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	37 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

The carrying amount of the Group's motor vehicles includes an amount of $387,000 (2014: $312,000) which are held under finance leases (Note 26).

The Group's freehold land, buildings on freehold land and leasehold building under construction of $55,529,000 (2014: $9,200,000) is pledged to bank to secure facilities granted to the Group (Note 28).

Finance costs capitalised as cost of property under construction during the financial year amounted to $170,000 (2014: $114,000) at interest rate ranging from 1.94% to 2.57% (2014: 1.92% to 1.95%) per annum.

	Computers $'000	Renovation $'000	Office equipment $'000	Total $'000
Company				
Cost:				
At June 1, 2013	6	6	5	17
Additions	31	1	1	33
At May 31, 2014	37	7	6	50
Additions	451	-	15	466
Disposals	-	(7)	(6)	(13)
At May 31, 2015	488	-	15	503
Accumulated depreciation:				
At June 1, 2013	1	-	-	1
Depreciation	9	1	1	11
At May 31, 2014	10	1	1	12
Depreciation	30	1	2	33
Disposals	-	(2)	(3)	(5)
At May 31, 2015	40	-	-	40
Carrying amount:				
At May 31, 2015	448	-	15	463
At May 31, 2014	27	6	5	38

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

20 INVESTMENT PROPERTIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At fair value:				
At beginning of the year	33,120	21,500	23,000	21,500
Changes in fair value included in profit or loss (Note 37)	1,223	2,705	1,000	1,500
Additions	2,715	8,915	-	-
Foreign currency exchange adjustments	(1,022)	-	-	-
At end of the year	36,036	33,120	24,000	23,000

As at May 31, 2015 and 2014, the Group's and Company's investment properties are stated at estimated fair value based on valuation carried out by independent professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuations were performed in accordance with International Valuation Standards.

The investment properties were pledged to a bank to secure long-term borrowings granted to the Group (Note 28).

The property rental income from the Group's and Company's investment properties, which are leased out under operating leases, amounted to $3,560,000 (2014: $3,031,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $758,000 (2014: $624,000).

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, 2015 and 2014, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The investment properties held by the Group as at May 31, 2015 and 2014 are as follow:

Name of property	Location	Description	Tenure
Nordam 33 Changi North Crescent	Singapore	4-storey purpose-built factory building with ancillary offices	30 years from 2006
Workotel 19 Main South Road Upper Riccarton, Christchurch	New Zealand	109 cabins and 4 houses for providing rental accommodation	Freehold
Thistle Guesthouse 21 Main South Road Upper Riccarton, Christchurch	New Zealand	10 bedrooms and 1 ground floor apartment and an attached sleep-out for providing rental accommodation	Freehold
Chewathai Ratchaprarop Condominium, No.11 Ratchaprarop Road Makkasan Sub-district, Ratchathewi District, Bangkok, Thailand	Thailand	3 condominium apartment units	Freehold

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

20 INVESTMENT PROPERTIES (cont'd)

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at May 31, 2015 and 2014 are as follows:

Investment properties	Fair value 2015 $'000	Fair value 2014 $'000	Valuation methodology	Significant unobservable inputs (Level 3)	Range 2015	Range 2014
Singapore	24,000	23,000	Direct comparison method	Price per square meter of gross floor area[1]	$2,200 - $2,800	$1,900 - $3,200
New Zealand	10,073	10,120	Income capitalisation method	Occupancy turnover[1]	93%	100%
				Turnover[1]	$32,000/week	$33,000/week
				Operating income[1]	$20,000/week	-
				Net operating income margin[1]	50%	50% - 61%
				Capitalisation rate[2]	10% - 11%	11% - 12%
			Discounted cash flow method	Discount rate[2]	12.09%	-
				Terminal yield rate[2]	9.90%	-
Thailand	1,963	-	Direct comparison method	Price per square meter of gross floor area[1]	$5,000 - $6,000	-
	36,036	33,120				

[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.

21 DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and Company, and movements thereon during the year:

Deferred tax assets

	Provisions $'000	Tax losses $'000	Total $'000
Group			
At June 1, 2013	43	400	443
Charge to profit or loss for the year (Note 40)	(27)	(303)	(330)
At May 31, 2014	16	97	113
Charge to profit or loss for the year (Note 40)	34	1,292	1,326
Foreign currency exchange adjustment	-	(57)	(57)
At May 31, 2015	50	1,332	1,382

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

21 DEFERRED TAX (cont'd)

Deferred tax liabilities

	Recognition of profits from properties under development $'000	Accelerated tax depreciation $'000	Total $'000
Group			
At June 1, 2013	244	130	374
Charge to profit or loss for the year (Note 40)	799	5	804
Reclassified as held for sale (Note 14)	-	(94)	(94)
At May 31, 2014	1,043	41	1,084
Charge to profit or loss for the year (Note 40)	976	13	989
Foreign currency exchange adjustment	(7)	-	(7)
At May 31, 2015	2,012	54	2,066

22 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Secured				
- Bank loans	18,956	23,035	4,500	4,500
- Bills payable	2,110	8,044	-	-
	21,066	31,079	4,500	4,500
Unsecured				
- Bank loans	16,688	16,995	4,400	5,000
- Bills payable	11,972	7,470	-	-
- Bank overdrafts	2,886	4,174	-	-
	31,546	28,639	4,400	5,000
Total	52,612	59,718	8,900	9,500

The following outstanding balances are secured with the following:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Secured with:				
Development properties	10,000	6,000	-	-
Investment property	-	5,858	-	-
Shares of a subsidiary	4,500	4,500	4,500	4,500
Trade receivables	6,566	11,056	-	-
Pledge over fixed deposit	-	3,665	-	-
Total	21,066	31,079	4,500	4,500

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

22 BANK LOANS AND OVERDRAFTS (cont'd)

The average effective interest rate on the outstanding balances ranges from 2.22% to 5.95% (2014: 2.05% to 6.25%) per annum.

In 2014, the Group and Company had breached a bank covenant of interest cover ratio. Please refer to Note 4 for further details.

23 TRADE PAYABLES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Subsidiaries (Note 17)	-	-	3,661	-
Contract trade payables	88,588	38,282	12	46
Retention payables	9,959	8,919	-	-
Total	98,547	47,201	3,673	46

The average credit period granted by suppliers ranged from 30 to 90 days (2014: 30 to 90 days). No interest is charged on the outstanding balance.

Retention payables are classified as current as they are expected to be settled within the Group's normal operating cycle.

24 OTHER PAYABLES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Subsidiaries (Note 17)	-	-	41,273	52,035
Related parties (Note 5)	272	24	-	-
Associates (Notes 5 and 16)	2,818	2,536	-	-
Non-controlling interest	2,174	2,297	-	-
Accrued expenses	4,003	3,111	993	680
Accrued interest expense	1,351	832	91	113
Rental and security deposits	965	669	-	-
Joint developer	10,211	10,078	-	-
Contingent consideration (Notes 14 and 48)	-	1,122	-	1,122
Advances received from customers	1,493	1,343	-	-
Other payables	2,832	601	171	57
	26,119	22,613	42,528	54,007
Less: Amounts payable within 12 months (shown under current liabilities)	(26,101)	(22,600)	(42,528)	(54,007)
Amounts payable after 12 months	18	13	-	-

The amounts due to subsidiaries and associates are unsecured, interest-free and repayable on demand.

Included in the amount due to joint developer ("JD") is an agreed amount payable to the JD of $7,250,000 (2014: $7,250,000) 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 JD is unsecured, interest-free and expected to be repayable within the next twelve months. The remaining amount of $2,961,000 (2014: $2,828,000) is unsecured, interest-free and repayable on demand.

The amount due to related parties and non-controlling interest are unsecured, interest-fee and repayable on demand.

NOTES TO FINANCIAL STATEMENTS
May 31, 2015

25 PROVISION FOR MAINTENANCE COSTS

	Group	
	2015 $'000	2014 $'000
At beginning of the year	174	265
Charge to profit or loss for the year	1,852	331
Utilised	(334)	(418)
Reclassified as held for sale (Note 14)	-	(4)
At end of the year	1,692	174

The provision for maintenance costs expense charged to profit or loss is included under cost of sales.

The provision for maintenance costs represents management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects.

26 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amounts payable under finance leases:				
Within one year	104	98	80	77
In the second to fifth years inclusive	366	342	326	304
After five years	61	43	59	41
	531	483	465	422
Less: Future finance charges	(66)	(61)	-	-
Present value of lease obligations	465	422	465	422
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(80)	(77)
Amounts due for settlement after 12 months			385	345

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 6 years (2014: 6 years). For the year ended May 31, 2015, the average effective borrowing rate was 5.31% (2014: 5.31%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are 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 amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 19).

27 LONG-TERM LOAN

The unsecured long-term loan is repayable to a joint developer, to be repaid upon settlement of final account which is after twelve months from the end of the reporting period. No interest is charged on the outstanding balance.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

28 LONG-TERM BORROWINGS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Borrowings	174,023	151,869	34,464	32,505
Less: Current portion due within 12 months	(33,728)	(25,346)	(5,425)	(17,411)
Long term borrowings reclassified as current due to breach of bank covenants (see Note 4)	(16,951)	(13,373)	-	-
Amounts due for settlement after 12 months	123,344	113,150	29,039	15,094
Secured	155,835	135,165	16,275	15,800
Unsecured	18,188	16,704	18,189	16,705
Total	174,023	151,869	34,464	32,505

The following outstanding balances are secured with the following:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Secured with:				
Development properties	88,458	112,005	-	-
Investment properties	21,887	15,000	16,275	15,000
Leasehold building under construction	13,064	7,360	-	-
Buildings on freehold land	32,426	-	-	-
Joint and several directors' guarantee and/or pledge over fixed deposit	-	800	-	800
Total	155,835	135,165	16,275	15,800

The Group and Company have seventeen (2014: twelve) and seven (2014: four) principal bank loans respectively.

In 2014, the Group's loans of $921,000 were raised for working capital requirements. The loans were reclassified as held for sale and has been presented separately in the statement of financial position (Note 14).

The Group's and Company's long-term borrowings bear interest at rates ranging from 1.41% to 7.60% (2014: 1.94% to 7.35%) per annum. The directors estimate the fair value of the Group's and Company's long-term borrowings to approximate the carrying amount and interest rates to approximate current market interest rates on or near the end of the reporting period.

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") 110,000,000 (equivalent to $40,458,000) (2014: RM 25,500,000 (equivalent to $9,953,000)) granted to TEE Resources Sdn Bhd by Malaysia Building Society Berhad.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

29 TERM NOTES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Notes issued under MTN Programme, net of issuance cost	29,577	-	-	-

The Company and Group have in place $350 million and $600 million Multicurrency Medium Term Note Programme ("MTN Programme") respectively under which they 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 Group had completed the issuance of $30 million 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, 2015, the fair value of term notes is $24,438,000 based on a quoted bid price and is classified as Level 1 of the fair value hierarchy.

30 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial guarantee liabilities	2,119	2,784	1,714	3,161
Less: Amounts shown under current liabilities	(667)	(734)	(667)	(1,025)
Amounts shown under non-current liabilities	1,452	2,050	1,047	2,136

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 and subsidiaries to obtain banking facilities, less amortisation.

31 LONG-TERM DEPOSIT

Long-term deposit is for the lease of premises located at 33 Changi North Crescent, Singapore (Note 20). Duration of tenancy is 10 years from 2007.

32 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of the year	493,025,721	466,228,410	56,151	47,978
Issue of shares under Scrip Dividend Scheme	-	26,797,311	-	8,173
Issue of shares arising from exercise of warrants	10,196,576	-	2,550	-
At end of the year	503,222,297	493,025,721	58,701	56,151

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

32 SHARE CAPITAL (cont'd)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

During the year, the Company issued 10,196,576 new ordinary shares upon the exercise of warrants with an exercise price of 25.0 cents per ordinary shares.

In 2014, the Company allotted and issued 26,797,311 ordinary shares at an issue price of 30.5 cents per share to eligible shareholders who have validly elected to participate in the TEE International Scrip Dividend Scheme in respect of the first and final ordinary dividend of 2.5 cents per share for the financial year ended May 31, 2013.

33 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.

34 CAPITAL RESERVE

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of the year	21,084	(46)	(40)	-
Expenses incurred on issue of bonus warrant	(2)	(40)	(2)	(40)
Dilution gain on a subsidiary pursuant to its IPO	-	21,170	-	-
Effect of changes on shareholding on non-controlling interest arising from Dividend in Specie, net	(2,345)	-	-	-
At end of the year	18,737	21,084	(42)	(40)

35 NON-CONTROLLING INTERESTS

Included in non-controlling interests is an amount of $11,300,000 (2014: $Nil) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of the subsidiary.

36 REVENUE

	Group	
	2015 $'000	2014 $'000
Revenue from construction contracts	151,581	143,652
Sale of goods	681	9,619
Sale of development properties – percentage of completion	53,993	39,206
Rental income	5,715	5,124
Hotel operations	4,549	-
Consultancy and service income	1,376	5,222
Total	217,895	202,823

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

37 OTHER OPERATING INCOME

	Group	
	2015 $'000	2014 $'000 (Restated)
Interest income arising from:		
Fixed deposits	71	59
Associates (Notes 5 and 16)	2,339	2,350
Gain on disposal of a subsidiary (Note 48)	299	-
Change in fair value of investment properties (Note 20)	1,223	2,705
Gain on disposal of property, plant and equipment	760	7
Gain on disposal of other investments	-	11
Amortisation of financial guarantee liabilities	865	1,035
Management fees income	18	114
Government grant	184	404
Others	434	373
Total	6,193	7,058

38 OTHER OPERATING EXPENSES

	Group	
	2015 $'000	2014 $'000 (Restated)
Foreign currency exchange adjustment loss	2,398	993
IPO expenses incurred by a subsidiary	-	436
Amortisation of intangible assets	-	543
Property, plant and equipment written off	70	3
Impairment loss on value of club membership (Note 18)	-	4
Allowance for doubtful other receivables (Note 9)	2,859	3
Allowance for doubtful trade receivables (Note 8)	128	1
Other receivables written back	(10)	-
Trade receivables written off	13	-
Allowance for diminution in value on development properties (Note 13)	518	733
Change in fair value of other investments	-	16
Total	5,976	2,732

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

39 FINANCE COSTS

	Group 2015 $'000	Group 2014 $'000
Interest on bank loans and overdrafts	10,081	5,592
Interest on obligations under finance leases	27	37
Total borrowing costs	10,108	5,629
Less: Amounts included in the cost of qualifying assets (Notes 13 and 19)	(3,071)	(2,308)
Net	7,037	3,321

40 INCOME TAX EXPENSE

	Group 2015 $'000	Group 2014 $'000 (Restated)
Current:		
- On the profit for the year	2,794	608
- Adjustment in respect of prior years	(321)	(61)
- Withholding tax expense	56	238
Deferred (Note 21):		
- Adjustment in respect of prior years	(1)	55
- Charge for the year	(336)	1,079
	2,192	1,919

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit (loss) for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

40 INCOME TAX EXPENSE (cont'd)

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

	Group	
	2015 $'000	2014 $'000 (Restated)
Profit (Loss) before tax	15,074	(8,317)
Less: Share of results of associates and joint venture (Note 16)	(11,121)	(9,004)
	3,953	(17,321)
Tax at the domestic income tax rate of 17% (2014: 17%)	672	(2,944)
Tax effect of income that are not taxable in determining taxable profit	1,765	504
Deferred tax benefits not recognised	1,739	4,461
Deferred tax benefits previously not recognised now utilised	(194)	-
Withholding tax expense	56	238
Overprovision of income tax in prior years	(321)	(61)
(Over) Under provision of deferred tax in prior years	(1)	55
Effect of different tax rates of overseas operations	(1,126)	(89)
Exempt income and tax rebate	(245)	(273)
Others	(153)	28
	2,192	1,919

Deferred tax assets have not been recognised as follows:

	Group	
	2015 $'000	2014 $'000
Tax losses		
Amount at beginning of year	31,111	4,880
Adjustment in respect of prior years	(565)	(10)
Tax losses for the year	10,483	26,241
Utilised during the year	(1,143)	-
Amount at end of year	39,886	31,111
Other temporary differences		
Amount at beginning of year	63	6
Adjustment in respect of prior years	786	57
Amount during the year	(257)	-
Amount at end of year	592	63
Total	40,478	31,174
Deferred tax assets at 17% (2014: 17%) not taken up in the financial statements	6,881	5,300

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and temporary differences available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

41 PROFIT (LOSS) FOR THE YEAR

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

	Group	
	2015 $'000	2014 $'000 (Restated)
Directors' remuneration:		
Directors of the Company	2,140	4,164
Directors of the subsidiaries	1,548	2,162
Employee benefits expense (including directors' remuneration)	24,239	23,770
Costs of defined contribution plans included in employee benefits expense	1,266	1,101
Cost of development properties recognised as cost of sales	38,270	31,191
Audit fees:		
Auditors of the Company		
- current year	395	396
- adjustment in respect of prior year	-	(90)
Other auditors		
- current year	113	151
- adjustment in respect of prior year	11	8
Non-audit fees:		
Auditors of the Company		
- current year	66	64
- adjustment in respect of prior year	2	4
Other auditors		
- current year	6	8

Retirement Benefit Obligations

The employees of TEE International 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.

As at May 31, 2015, contributions of $111,000 (2014: $94,000) due in respect of current financial year had not been paid over to the plans.

42 DIVIDENDS

	Group and Company	
	2015 $'000	2014 $'000
Tax-exempt one-tier first and final dividend paid in respect of previous year		
Cash	2,506	3,482
Share	-	8,173
Tax-exempt one-tier interim dividend paid in respect of current year		
Cash	903	2,219
In Specie	8,890	-
Total	12,299	13,874

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

42 DIVIDENDS (cont'd)

Subsequent to May 31, 2015, the directors of the Company recommended that final and special tax exempt dividend of $0.004 and $0.0015 per ordinary share totalling $2,013,000 and $755,000 respectively to be paid for the financial year ended May 31, 2015 on the ordinary shares of the Company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events after the Reporting Period*.

43 EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per ordinary share is based on Group loss attributable to owners of the Company of $11,133,000 (2014: loss of $13,258,000) divided by the weighted average number of ordinary shares of 498,095,646 (2014: 481,860,175) in issue during the year.

Fully diluted earnings (loss) per ordinary share is calculated based on 508,645,798 (2014: 481,860,175) ordinary shares.

	Group			
	2015		2014	
	Basic $'000	Diluted $'000	Basic $'000	Diluted $'000
			(Restated)	(Restated)
Profit (Loss) attributable to owners of the Company	11,133	11,133	(13,258)	(13,258)
Weighted average number of ordinary shares for the purposes of basic/diluted earnings per share	498,095,646	508,645,798	481,860,175	481,860,175
Earnings (Loss) per share (cents)	2.24	2.19	(2.75)	(2.75)

44 OPERATING LEASE ARRANGEMENTS

<u>The Group as lessee</u>

	Group	
	2015 $'000	2014 $'000
Minimum lease payments under operating leases recognised as expense in the year	2,664	2,255

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2015 $'000	2014 $'000
Within one year	1,727	1,649
In the second to fifth year inclusive	829	2,066
Total	2,556	3,715

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouse and equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

The Company does not have outstanding commitments under non-cancellable operating leases.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

44 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group and Company as lessor

The Group and Company rent out its investment properties under operating lease to outside parties. Property rental income earned during the year was $3,560,000 (2014: $3,031,000).

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

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Within one year	1,933	1,933
In the second to fifth year inclusive	2,578	4,511
Total	4,511	6,444

45 SEGMENT INFORMATION

For management purposes, the Group is organised into three major operating divisions – Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

Engineering involves providing mechanical and electrical work relating to the expansion and improvement of infrastructure, constructing new buildings and converting existing buildings and facilities for new uses and offering turnkey approaches to the construction of infrastructure as well as in system development from system definition, system development and system deployment. Real estate involves the development and sale of private residential properties and investment in hotels and properties. Infrastructure business offers infrastructure solutions in the areas of water and energy related projects. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services.

(a) Reportable Operating Segment Information

In accordance with FRS 108 *Operating Segments*, management has determined the operating segments based on the reports regularly reviewed by the Group Chief Executive that are used to make strategic decisions.

Segment revenue and expenses: Segment revenue and expenses are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, construction work-in-progress in excess of progress billings, inventories, development properties, completed property and land held for sale, assets classified as held for sale, property, plant and equipment, intangible assets and investment properties, net of allowances. Segment liabilities include all operating liabilities used by a segment and consist principally of operating payables, progress billings in excess of construction work-in-progress, provision for maintenance costs, long-term loan, long-term deposit, financial guarantee liabilities and liabilities directly associated with asset classified as held for sale.

Inter-segment transfers: Segment revenue and expenses include transfers between operating segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation.

Investment in associates: Income from associates and loans to associates are not allocated as they are analysed independently from the three major operating segments when making strategic decisions, and correspondingly these investments in associates are included as unallocated assets of the Group.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

45 SEGMENT INFORMATION (cont'd)

	Engineering		Real Estate		Infrastructure		Elimination		Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
				(Restated)				(Restated)		(Restated)
Segment revenue										
External sales	154,904	159,800	60,157	40,301	2,834	2,722	-	-	217,895	202,823
Inter-segment sales	62,817	69,186	-	-	-	1,319	(62,817)	(70,505)	-	-
Total revenue	217,721	228,986	60,157	40,301	2,834	4,041	(62,817)	(70,505)	217,895	202,823
Segment results										
Segment results	6,393	(18,389)	4,647	4,257	(50)	132	-	-	10,990	(14,000)
Finance costs									(7,037)	(3,321)
Share of results of associates and joint venture									11,121	9,004
Profit (Loss) before tax									15,074	(8,317)
Income tax expense									(2,192)	(1,919)
Profit (Loss) for the year									12,882	(10,236)
Segment assets	154,454	99,126	291,875	219,923	474	2,158	-	-	446,803	321,207
Unallocated corporate assets									110,772	122,898
Consolidated total assets									557,575	444,105
Segment liabilities	99,947	53,458	30,119	28,909	3,232	2,697	-	-	133,298	85,064
Unallocated corporate liabilities									262,091	216,712
Consolidated total liabilities									395,389	301,776
Other information										
Depreciation	977	1,054	1,732	191	45	40	-	-	2,754	1,285
Amortisation of intangible assets	-	543	-	-	-	-	-	-	-	543
Allowance for diminution in value on development properties	-	-	518	733	-	-	-	-	518	733
Change in fair value of investment properties	1,000	1,500	223	1,205	-	-	-	-	1,223	2,705
Allowance for doubtful other receivables	-	-	3,374	-	(515)	3	-	-	2,859	3

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

45 SEGMENT INFORMATION (cont'd)

(b) Geographical Information

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
				(Restated)
Singapore	172,357	150,145	122,530	103,114
Malaysia	34,995	22,328	1,178	163
Thailand	2,833	2,722	587	619
Brunei	865	26,533	9	658
Vietnam	-	-	341	6
Hong Kong	681	-	828	30
Philippines	-	-	1	2
Australia	4,549	-	53,890	-
New Zealand	1,615	1,095	10,194	10,268
Total	217,895	202,823	189,558	114,860

(c) Other information

The Group has three major customers (2014: three) from the engineering segment that contribute greater than 10% of the Group's total revenue.

	2015 $'000	**2014 $'000**
Customer A	47,716	26,533
Customer B	32,538	22,312
Customer C	28,871	24,435

46 EVENTS AFTER THE REPORTING PERIOD

(a) On June 25, 2015, the Group announced that it entered into an option to acquire the 11th floor and penthouse of a 4-star hotel in Sydney for $12,410,000 (AUD 12,000,000). The Group will fund the cost of the acquisition by internal funds and bank borrowings.

(b) On July 13, 2015, an associate, CMTE Technology Sdn. Bhd. (formerly known as CMC Communications Sdn. Bhd.) ("CMTE"), had entered into a restructuring agreement with CMC Infocomm Limited ("CMCI"), in connection with the proposed listing of CMCI.

On August 13, 2015, CMCI was officially listed on the Catalist board of the Singapore Exchange Securities Trading Limited, with the Company holding 42.11% in the issued share capital of CMCI.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

47 INVESTGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT

In April 2012, the Company announced that it has been informed by Mr. Bertie Cheng Shao Shiong, the Independent Director and Non-Executive Chairman of the Company, and Mr. Phua Chian Kin, the Group Chief Executive and Managing Director, that they are the subject of investigation by the Commercial Affairs Department ("CAD") on possible contravention of market rigging provision 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.

The Board of Directors of the Company are of the opinion that given the Group and the Company are run by a team of capable senior and middle managers, many of whom have spent more than a decade building up the Group and the Company, the CAD investigation has not had any impact on the Group and the Company.

48 DISPOSAL OF SUBSIDIARY

On July 10, 2014, the Company has disposed its interest in Interlift.

Details of the disposal are as follows:

	2015 **$'000**
Book value of net assets over which control was lost:	
Assets classified as held for sale representing total assets	14,116
Liabilities directly associated with assets classified as held for sale representing total liabilities	(8,856)
Net assets derecognised	5,260
Consideration received:	
Cash	2,080
Set-off of contingent consideration (Note 24)	1,122
Total consideration received	3,202
Gain on disposal:	
Consideration received	3,202
Net assets derecognised	(5,260)
Non-controlling interest derecognised	2,375
Others	(18)
Gain on disposal	299

The gain on disposal of the subsidiary is recorded as part of other operating income (Note 37) from disposal of subsidiary in the statement of profit or loss and other comprehensive income.

	2015 **$'000**
Net cash outflow arising from disposal:	
Cash consideration received	2,080
Cash and cash equivalents disposed of	(2,631)
	(551)

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

49 RESTATEMENTS, RECLASSIFICATIONS AND COMPARATIVE FIGURES

(a) Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the consolidated statement of profit or loss and other comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Group May 31, 2014	
	Previously reported $'000	**As reclassified $'000**
Consolidated statement of profit or loss and other comprehensive income		
Other operating income	7,626	7,058
Selling and distribution costs	-	(951)
Administrative expenses	(20,561)	(19,610)
Other operating expenses	(3,300)	(2,732)

(b) Prior year adjustments

Retrospective restatements have been made to prior year due to the change in accounting policy on sales commissions by the Group and its associates. In prior year, sales commission payable to estate agents were previously expensed off. In current year, sales commission payable to estate agents are deferred and expensed based on percentage of completion method.

A third statement of financial position as at the beginning of the preceding financial period has been presented. Improvements to FRSs issued in August 2012 and effective for annual periods beginning on or after January 1, 2013, state that it is not a requirement to present the related notes to the opening statement of financial position as at the beginning of the preceding period. Accordingly, the related notes to the opening statement of financial position as at the beginning of the preceding period have not been disclosed. The effects of these restatements on the prior years' financial statement are as follow:

i. Consolidated statement of financial position

	Group May 31, 2014			Group June 1, 2013		
	Previously stated $'000	**Adjustments $'000**	**As restated $'000**	**Previously stated $'000**	**Adjustments $'000**	**As restated $'000**
Assets						
Other receivables (current)	16,918	870	17,788	10,360	1,144	11,504
Investment in associates	27,893	1,625	29,518	20,881	944	21,825
Liabilities and Equity						
Income tax payable	1,638	147	1,785	3,741	194	3,935
Accumulated profits	17,752	2,123	19,875	45,205	1,802	47,007
Equity attributable to owners of the Company	93,915	2,123	96,038	93,188	1,802	94,990
Non-controlling interest	46,066	225	46,291	7,136	92	7,228

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

49 RESTATEMENTS, RECLASSIFICATIONS AND COMPARATIVE FIGURES (cont'd)

ii. Consolidated statement of profit or loss and other comprehensive income

	Group May 31, 2014		
	Previously reported $'000	Adjustments $'000	As restated $'000
Selling and distribution costs	-	(1,224)*	(1,224)
Share of results of associates	8,323	681	9,004
Income tax expenses	(1,965)	46	(1,919)
Loss attributable to:			
Owners of the Company	(13,579)	321	(13,258)
Non-controlling interest	2,889	133	3,022
Total comprehensive loss attributable to:			
Owners of the Company	(14,702)	321	(14,381)
Non-controlling interest	2,798	133	2,931
Loss per share:			
Basic	(2.82)		(2.75)
Diluted	(2.82)		(2.75)

* Included reclassification of $951,000 (Note 49 (a))

iii. Statement of changes in equity

	Group May 31, 2014			Group June 1, 2013		
	Previously stated $'000	Adjustments $'000	As restated $'000	Previously stated $'000	Adjustments $'000	As restated $'000
Accumulated profits	17,752	2,123	19,875	45,205	1,802	47,007
Equity attributable to owners of the Company	93,915	2,123	96,038	93,188	1,802	94,990
Non-controlling interest	46,066	225	46,291	7,136	92	7,228

iv. Consolidated statement of cash flows

	Group May 31, 2014		
	Previously stated $'000	Adjustments $'000	As restated $'000
Loss before tax	(8,725)	408	(8,317)
Operating activities			
Share of results of associates	8,323	681	9,004
Amortisation of deferred sales commission expenses	-	682	682
Amortisation of deferred show flat costs	-	157	157
Other receivables	(7,901)	(566)	(8,467)

SHAREHOLDERS' INFORMATION

As at 21 August 2015

Issued and Fully Paid-up Capital	:	S$58,700,692.80
No. of Shares Issued	:	503,222,297
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	195	10.28	2,892	0.00
100 - 1,000	116	6.12	65,219	0.01
1,001 - 10,000	589	31.07	3,734,843	0.74
10,001 - 1,000,000	968	51.05	78,161,008	15.54
1,000,001 and above	28	1.48	421,258,335	83.71
Total	1,896	100.00	503,222,297	100.00

TOP TWENTY LARGEST SHAREHOLDERS

S/No.	Name of Shareholders	No. of Shares	%
1	Hong Leong Finance Nominees Pte Ltd	87,601,145	17.41
2	Phua Chian Kin	60,620,018	12.05
3	Maybank Nominees (S) Pte Ltd	48,000,000	9.54
4	CIMB Securities (Singapore) Pte Ltd	29,911,686	5.94
5	Lincoln Capital Pte. Ltd.	25,967,321	5.16
6	SBS Nominees Pte Ltd	23,837,901	4.74
7	RHB Securities Singapore Pte Ltd	22,821,122	4.53
8	DBS Nominees Pte Ltd	18,708,971	3.72
9	United Overseas Bank Nominees Pte Ltd	15,186,924	3.02
10	Phillip Securities Pte Ltd	12,365,643	2.46
11	Raffles Nominees (Pte) Ltd	12,114,492	2.41
12	Tay Kuek Lee	9,845,340	1.95
13	Maybank Kim Eng Securities Pte Ltd	9,305,290	1.85
14	Cheng Shao Shiong @ Bertie Cheng	7,500,000	1.49
15	4 P Investments Pte Ltd	6,680,924	1.33
16	OCBC Securities Private Ltd	5,549,825	1.10
17	UOB Kay Hian Pte Ltd	5,235,341	1.04
18	OCBC Nominees Singapore Pte Ltd	3,418,891	0.68
19	Ong Boon Chuan	2,795,100	0.55
20	Lum Tuck Seng	2,401,360	0.48
Total		409,867,294	81.45

SHAREHOLDERS' INFORMATION

As at 21 August 2015

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 21 August 2015

	Direct Interest	%	Deemed Interest	%
Phua Chian Kin[1]	273,362,156	54.32	16,526,264	3.28
Lincoln Capital Pte. Ltd.[2]	25,967,321	5.16	-	-

Notes:

1 Mr. Phua Chian Kin is deemed to have an interest in the 16,526,264 ordinary shares held by his spouse, Mdm. Tay Kuek Lee and 4 P Investments Pte. Ltd., where he is a shareholder. A total of 212,742,138 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, Maybank Nominees (S) Pte Ltd, OCBC Securities Private Limited and RHB Securities Singapore Pte Ltd.

2 Mr. Tan Soon Hoe, through his 100% shareholding interest in Lincoln Capital Pte. Ltd., is deemed to have an interest in the shares held directly by Lincoln Capital Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 21 August 2015, approximately 34.09% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

WARRANTHOLDERS' INFORMATION

As at 21 August 2015

Distribution of Warrantholdings – TEEW170526

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	212	12.87	2,788	0.00
100 - 1,000	161	9.78	72,083	0.04
1,001 - 10,000	795	48.27	3,469,601	1.86
10,001 - 1,000,000	460	27.93	29,243,162	15.69
1,000,001 and above	19	1.15	153,598,386	82.41
Total	1,647	100.00	186,386,020	100.00

TOP TWENTY LARGEST WARRANTHOLDERS

S/No.	Name of Warrantholders	No. of Warrants Held	%
1	Phua Chian Kin	50,894,452	27.31
2	Maybank Nominees (S) Pte Ltd	16,400,000	8.80
3	Phillip Securities Pte Ltd	13,874,078	7.44
4	Lincoln Capital Pte. Ltd.	10,386,928	5.57
5	SBS Nominees Pte Ltd	9,535,160	5.12
6	RHB Securities Singapore Pte Ltd	8,786,648	4.71
7	CIMB Securities (Singapore) Pte Ltd	6,438,275	3.45
8	DBS Nominees Pte Ltd	6,208,358	3.33
9	Cheng Shao Shiong @ Bertie Cheng	4,420,000	2.37
10	Raffles Nominees (Pte) Ltd	3,835,794	2.06
11	Tay Kuek Lee	3,728,136	2.00
12	Maybank Kim Eng Securities Pte Ltd	3,615,688	1.94
13	Seah Moon Ming	3,245,965	1.74
14	4 P Investments Pte Ltd	2,672,369	1.43
15	United Overseas Bank Nominees Pte Ltd	2,530,481	1.36
16	OCBC Securities Private Ltd	2,454,125	1.32
17	UOB Kay Hian Pte Ltd	2,156,614	1.16
18	OCBC Nominees Singapore Pte Ltd	1,297,275	0.70
19	Ong Boon Chuan	1,118,040	0.60
20	Ramesh s/o Pritamdas Chandiramani	991,000	0.53
Total		154,589,386	82.94

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of TEE International Limited (the "**Company**") will be held at York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 29 September 2015, Tuesday, at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 May 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.40 cents per ordinary share and a special tax exempt (one-tier) dividend of 0.15 cents per ordinary share for the financial year ended 31 May 2015 (Year 2014: final tax exempt (one-tier) dividend of 0.50 cents per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Articles of Association of the Company:

   Mr. Phua Boon Kin **(Resolution 3)**
   Mr. Gn Hiang Meng **(Resolution 4)**

   - *Mr. Gn Hiang Meng will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and Nominating Committee respectively and a member of the Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").*

4. To re-appoint the following Directors of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company:

   Mr. Bertie Cheng Shao Shiong **(Resolution 5)**
   Mr. Tan Boen Eng **(Resolution 6)**

   [See Explanatory Note (i)]

   - *Mr. Bertie Cheng Shao Shiong will, upon re-appointment as a Director of the Company, remain as the Chairman of the Company and will be considered independent for the purpose of Rule 704(8) of the Listing Manual.*

   - *Mr. Tan Boen Eng will be considered independent for the purpose of Rule 704(8) of the Listing Manual.*

5. To approve the payment of Directors' fees of S$343,750 for the financial year ending 31 May 2016 to be paid quarterly in arrears. (Year 2015: S$351,468.75). **(Resolution 7)**

6. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF FIFTEENTH 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:

8. **Authority to issue new shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares, if any) shall be based on the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

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

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

9. **Renewal of Share Buy-Back Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined on page 9 of the Company's Circular to shareholders dated 12 September 2012 (the "**Circular**"), in accordance with the terms of the said Circular and the Letter to Shareholders enclosed together with the Annual Report, and this 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 or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

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

10. **Authority to issue shares under the TEE International Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual, the Directors of the Company be authorised and empowered to issue such number of Shares in the Company as may be required to be issued pursuant to the TEE International Limited Scrip Dividend Scheme from time to time in accordance to the "Terms and Conditions of the Scrip Dividend Scheme" set out in pages A-2-2 to A-2-8 of the Circular to Shareholders dated 4 September 2013 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 11)**

NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATES

Notice is hereby given that the Share Transfer Books and Register of Members of TEE International Limited (the "**Company**") will be closed at 5.00 p.m. on 9 November 2015 and 4 December 2015 respectively for the purpose of determining Members' entitlements to the final tax exempt (one-tier) dividend and special tax exempt (one-tier) dividend ("**Final and Special Dividends**") to be proposed at the Fifteenth Annual General Meeting of the Company which is scheduled to be held on 29 September 2015 ("**15th AGM**").

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00, ASO Building, Singapore 048544 up to close of business at 5.00 p.m. on 9 November 2015 and 4 December 2015 respectively will be registered to determine Members' entitlements to the proposed Final and Special Dividends.

Subject to the aforesaid, Members whose Securities Accounts maintain with The Central Depository (Pte) Limited are credited with ordinary shares at 5.00 p.m. on 9 November 2015 and 4 December 2015 respectively will be entitled to the proposed Final and Special Dividends.

Payment of the Final and Special Dividends, if approved by the Members at the 15th AGM will be made on 20 November 2015 and 18 December 2015 respectively.

By Order of the Board

Ms. Yeo Ai Mei
Ms. Lynn Wan Tiew Leng
Company Secretaries

Singapore
14 September 2015

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The effect of the Ordinary Resolutions 5 and 6 proposed in item 4 above, is to re-appoint Directors of the Company who are over 70 years of age and if passed, they will hold office until the next Annual General Meeting. Such re-appointment of Directors will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Cap. 50 as repealed when the Companies (Amendment) Act 2014 comes into force. The Directors will then be subject to retirement by rotation under the Company's Articles of Association.

(ii) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued shares (excluding treasury shares, if any) will be calculated based on the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to purchase or otherwise acquire ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the Maximum Price as defined in the Circular dated 12 September 2012. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 May 2015 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

(iv) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares in the Company from time to time pursuant to the TEE International Limited Scrip Dividend Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy 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 set for the Meeting.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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 INTERNATIONAL LIMITED
Company Registration No. 200007107D
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy TEE International Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____ (Name)

____ (NRIC/Passport Number)

of ____ (Address)

being a member/members of TEE International 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			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on 29 September 2015 at 2.30 p.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. All Resolutions at the Meeting will be voted on by way of poll.

No.	Resolutions relating to:	[1] No. of Votes For	[1] No. of Votes Against
1	Directors' Report and Audited Financial Statements for the year ended 31 May 2015		
2	Payment of proposed final tax exempt (one-tier) dividend and a special tax exempt (one-tier) dividend		
3	Re-election of Mr. Phua Boon Kin as a Director		
4	Re-election of Mr. Gn Hiang Meng as a Director		
5	Re-appointment of Mr. Bertie Cheng Shao Shiong as a Director		
6	Re-appointment of Mr. Tan Boen Eng as a Director		
7	Approval of Directors' fees for the financial year ending 31 May 2016 to be paid quarterly in arrears		
8	Re-appointment of Messrs Deloitte & Touche LLP as Company's Auditors		
9	Authority to issue new shares		
10	Renewal of Share Buy-Back Mandate		
11	Authority to issue shares under the TEE International Limited Scrip Dividend Scheme		

[1] If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise all your votes for both "For" or "Against" the relevant Resolution, please indicate the number of votes as appropriate in the boxes provided.

Dated this _______ day of ________________________ 2015.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of shares of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), 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 not more than 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 two proxies, the member shall specify the proportion of his/her shares to be represented by each proxy, failing which the appointment shall be deemed to be in the alternative.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the 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 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 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 seal or under the hand of an officer or attorney duly authorised. 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, failing which the instrument of proxy may be treated as invalid.

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.

Personal data privacy:

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 Notice of Annual General Meeting dated 14 September 2015.

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 name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

TEE

TEE INTERNATIONAL LIMITED

Co. Reg. No.: 200007107D
25 Bukit Batok Street 22
Singapore 659591
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: IR@teeintl.com
Website: www.teeintl.com