



TEE International Limited

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200007107D)

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 August 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease)
	First Quarter Ended 31/08/2019	31/08/2018 (Restated)	
Revenue	95,163	78,463	21.3%
Cost of sales	(86,364)	(72,089)	19.8%
Gross profit	8,799	6,374	38.0%
Other operating income	899	796	12.9%
Selling and distribution expenses	(1,760)	(1,268)	38.8%
Administrative expenses	(6,104)	(5,863)	4.1%
Other operating expenses	(239)	(1,652)	(85.5%)
Share of results of associates and joint venture	(387)	(390)	(0.8%)
Finance costs	(3,401)	(3,872)	(12.2%)
Loss before tax	(2,193)	(5,875)	(62.7%)
Income tax expense	(326)	109	NM
Loss for the period	(2,519)	(5,766)	(56.3%)
Loss attributable to:			
Owners of the Company	(1,857)	(4,295)	(56.8%)
Non-controlling interests	(662)	(1,471)	(55.0%)
	(2,519)	(5,766)	(56.3%)

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease)
	First Quarter Ended 31/08/2019	31/08/2018 (Restated)	
Loss for the period	(2,519)	(5,766)	(56.3%)
Other comprehensive loss:			
Currency translation differences	(747)	(686)	8.9%
Other comprehensive loss for the period	(747)	(686)	8.9%
Total comprehensive loss for the period	(3,266)	(6,452)	(49.4%)
Total comprehensive loss attributable to:			
Owners of the Company	(2,336)	(4,880)	(52.1%)
Non-controlling interests	(930)	(1,572)	(40.8%)
	(3,266)	(6,452)	(49.4%)

TEE International Limited

1(a)(iii) Notes to the income statement

A Other operating income:

Interest income	76	159	(52.2%)
Amortisation of financial guarantee liabilities	54	66	(18.2%)
Deposit forfeited for aborted sale of completed properties	522	316	65.2%
Gain on disposal of property, plant and equipment	-	36	(100.0%)
Management fees income	100	106	(5.7%)
Others	147	113	30.1%
	899	796	12.9%

B Other operating expenses:

Amortisation of intangible assets	186	186	NM
Loss on disposal of property, plant and equipment	8	-	NM
Net foreign currency exchange adjustment loss	44	1,045	(95.8%)
Option fee forfeited for an aborted purchase of land	-	420	(100.0%)
Trade receivables written off	1	1	NM
	239	1,652	(85.5%)

C Finance costs:

Finance leases	14	9	55.6%
Loan interests	2,662	2,774	(4.0%)
Notes payable interest	709	1,089	(34.9%)
Interest on right-of-use assets	16	-	NM
	3,401	3,872	(12.2%)

D Other information:

Depreciation of property, plant and equipment	1,226	836	46.7%
Amortisation of issuance costs on notes payable	72	81	(11.1%)
Amortisation of deferred commission expenses	684	713	(4.1%)
Amortisation of deferred show flat costs	619	133	NM

The Group S\$'000		Increase/ (Decrease)
First Quarter Ended		
31/08/2019	31/08/2018	
76	159	(52.2%)
54	66	(18.2%)
522	316	65.2%
-	36	(100.0%)
100	106	(5.7%)
147	113	30.1%
899	796	12.9%
186	186	NM
8	-	NM
44	1,045	(95.8%)
-	420	(100.0%)
1	1	NM
239	1,652	(85.5%)
14	9	55.6%
2,662	2,774	(4.0%)
709	1,089	(34.9%)
16	-	NM
3,401	3,872	(12.2%)
1,226	836	46.7%
72	81	(11.1%)
684	713	(4.1%)
619	133	NM

NM - not meaningful

TEE International Limited

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at end of the immediately preceding financial year

	The Group S\$'000		The Company S\$'000	
	31/08/2019	31/05/2019	31/08/2019	31/05/2019
ASSETS				
Current assets				
Cash and cash equivalents	63,157	60,875	515	759
Bank balances pledged	3,345	3,290	-	-
Trade receivables	68,198	44,436	-	-
Other receivables	10,829	14,287	10,846	10,240
Loans receivables	10,614	10,839	-	-
Financial assets at fair value through profit or loss	164	164	164	164
Inventories	200	203	-	-
Contract assets	176,407	176,333	-	-
Contract costs	1,932	1,240	-	-
Development properties	141,671	175,838	-	-
Completed properties and land held for sale	66,921	42,974	-	-
Total current assets	543,438	530,479	11,525	11,163
Non-current assets				
Other receivables	1,460	1,360	900	941
Investment in associates	13,054	13,655	-	-
Investment in joint venture	127	129	-	-
Investment in subsidiaries	-	-	116,854	116,854
Club membership	5	5	5	5
Intangible asset	868	1,054	-	-
Property, plant and equipment	69,848	71,067	77	93
Right-of-use assets	2,101	-	-	-
Investment properties	31,264	31,442	22,000	22,000
Deferred tax assets	4,157	3,997	-	-
Total non-current assets	122,884	122,709	139,836	139,893
Total assets	666,322	653,188	151,361	151,056
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	57,093	48,532	3,875	4,300
Trade payables	176,008	161,571	-	13
Other payables	29,769	30,251	56,376	52,541
Contract liabilities	9,478	6,661	-	-
Lease liabilities	91	-	-	-
Notes payables	1,811	-	1,811	-
Provision for maintenance costs	883	992	-	-
Current portion of finance leases	601	346	-	-
Current portion of long-term borrowings	92,507	93,670	3,275	1,268
Current portion of financial guarantee liabilities	181	185	75	75
Income tax payable	3,074	2,445	-	-
Total current liabilities	371,496	344,653	65,412	58,197

TEE International Limited

1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	31/08/2019	31/05/2019	31/08/2019	31/05/2019
LIABILITIES AND EQUITY				
Non-current liabilities				
Finance leases	1,492	1,143	-	-
Long-term borrowings	136,355	144,026	11,379	13,701
Financial guarantee liabilities	130	180	56	74
Notes payables	17,845	21,000	17,948	21,128
Long-term deposit	306	306	306	306
Other payables	7,959	9,767	-	-
Lease liabilities	2,001	-	-	-
Deferred tax liabilities	666	775	-	-
Total non-current liabilities	166,754	177,197	29,689	35,209
Capital and reserves and non-controlling interests				
Share capital	73,194	73,194	73,194	73,194
Treasury shares	(269)	(269)	(269)	(269)
Currency translation reserve	(724)	(245)	-	-
Capital reserve	18,561	18,561	(274)	(274)
Accumulated losses	(12,227)	(10,370)	(16,391)	(15,001)
Equity attributable to owners of the Company	78,535	80,871	56,260	57,650
Non-controlling interests	49,537	50,467	-	-
Net equity	128,072	131,338	56,260	57,650
Total liabilities and equity	666,322	653,188	151,361	151,056

1(b)(i) Aggregate amount of group's borrowings and debt securities

	The Group S\$'000			
	As at 31/08/2019		As at 31/05/2019	
	Unsecured	Secured	Unsecured	Secured
(a) Amount repayable in one year or less, or on demand	24,416	127,596	24,694	117,854
(b) Amount repayable after one year	-	155,692	-	166,169
Total aggregate amount of group's borrowings and debt securities	24,416	283,288	24,694	284,023

Details of collateral:

The total secured borrowings are represented by:

- (i) Obligations under finance leases secured on certain motor vehicles of the Group; and
- (ii) Bank loans, long-term bank loans and notes payable secured by any security interest over any asset of the Group (and in this instance, security interest shall take into account any collateral over the relevant asset granted by the Group as reflected in the latest audited or unaudited financial statements of the Group and shall, in any event, include any security created over any receivables due to owing to the Group or paid or payable to the Group).

TEE International Limited

1(c) A Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group	
	S\$'000	
	First Quarter Ended	
	31/08/2019	31/08/2018
		(Restated)
Operating activities		
Loss before tax	(2,193)	(5,875)
Adjustments for:		
Share of results of associates and joint venture	387	390
Depreciation of property, plant and equipment	1,226	836
Amortisation of deferred commission expenses	684	713
Amortisation of deferred show flat costs	619	133
Amortisation of financial guarantee liabilities	(54)	(66)
Amortisation of issuance costs on notes payable	72	81
Amortisation of intangible asset	186	186
Trade receivables written off	1	1
Loss (Gain) on disposal of property, plant and equipment	8	(36)
Provision for maintenance costs	51	25
Unrealised currency translation (loss) gain	(109)	991
Interest income	(76)	(159)
Interest expense	3,401	3,872
Operating cash flows before movements in working capital	4,203	1,092
Trade receivables	(24,822)	(7,391)
Other receivables	2,669	8,042
Inventories	3	(63)
Contract assets	1,060	(9,667)
Contract costs	(1,358)	1,223
Development properties	6,736	2,027
Completed properties and land held for sale	3,554	16,739
Trade payables	14,406	(1,074)
Other payables	(2,177)	(2,977)
Contract liabilities	2,812	(1,006)
Utilisation of provision for maintenance costs	(160)	(426)
Cash generated from operations	6,926	6,519
Interest paid	(3,428)	(3,975)
Income tax paid (refund)	29	(227)
Net cash flows from operating activities	3,527	2,317
Investing activities		
Proceeds on disposal of property, plant and equipment	63	241
Purchase of non-current asset held for sale	-	(38)
Purchase of property, plant and equipment	(787)	(177)
Investment in associates	-	(4,658)
Repayment of loans receivables	225	2,116
Dividend received from an associate	-	1,891
Interest received	88	330
Net cash flows used in investing activities	(411)	(295)
Financing activities		
Drawdown of bank loans	27,355	29,627
Repayment of bank loans	(19,553)	(23,818)
Drawdown of long-term borrowings	4,500	15,900
Repayment of long-term borrowings	(12,790)	(21,871)
Increase in bank balances pledged	(34)	(3,834)
Repayment of obligations under finance leases	(141)	(199)
Increase of obligation under finance leases	742	-
Repayment of notes payable	(1,647)	-
Repayment of lease obligation	(38)	-
Repayment of loan to a director	-	(5,000)
Net cash flows used in financing activities	(1,606)	(9,195)

TEE International Limited

1(c) (Continued)

Net increase (decrease) in cash and cash equivalents
 Cash and cash equivalents at beginning of period
 Effect of foreign exchange rate changes
Cash and cash equivalents at end of period (Note A)

The Group S\$'000	
First Quarter Ended	
31/08/2019	31/08/2018
1,510	(7,173)
57,554	30,291
13	(39)
59,077	23,079

Note A : Cash and cash equivalents

Cash at banks
 Cash on hand
 Fixed deposits
 Project accounts (see Note below):
 Cash at banks
 Fixed deposits

 Pledged fixed deposits
 Bank overdrafts
Total cash and cash equivalents

The Group S\$'000	
First Quarter Ended	
31/08/2019	31/08/2018
37,141	12,313
209	101
6,371	7,223
22,781	10,273
-	2,010
66,502	31,920
(3,345)	(4,357)
(4,080)	(4,484)
59,077	23,079

Note:

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed) or the Malaysia Housing Development (Control and Licensing) Act, 1966. Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

TEE International Limited

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Equity attributable to owners of the Company				Non-controlling interest	Total
	Share capital	Treasury shares	Other reserves	Accumulated profits(losses)		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Group</u>						
Balance at 01/06/2019	73,194	(269)	18,316	(10,370)	50,467	131,338
<i>Total comprehensive loss for the period:</i>						
Loss for the period	-	-	-	(1,857)	(662)	(2,519)
Other comprehensive loss for the period	-	-	(479)	-	(268)	(747)
Total comprehensive loss for the period	-	-	(479)	(1,857)	(930)	(3,266)
Balance at 31/08/2019	73,194	(269)	17,837	(12,227)	49,537	128,072
<u>Previous Corresponding Period</u>						
Balance at 01/06/2018, as previously reported	58,701	(269)	19,062	7,803	62,802	148,099
<i>Total comprehensive loss for the period:</i>						
Loss for the period	-	-	-	(4,297)	(1,471)	(5,768)
Other comprehensive loss for the period	-	-	(585)	-	(101)	(686)
Total comprehensive loss for the period	-	-	(585)	(4,297)	(1,572)	(6,454)
Balance at 31/08/2018	58,701	(269)	18,477	3,506	61,230	141,645

	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Company</u>					
Balance at 01/06/2019	73,194	(269)	(274)	(15,001)	57,650
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,390)	(1,390)
Balance at 31/08/2019	73,194	(269)	(274)	(16,391)	56,260
Balance at 01/06/2018	58,701	(269)	(94)	(6,003)	52,335
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,822)	(1,822)
Balance at 31/08/2018	58,701	(269)	(94)	(7,825)	50,513

TEE International Limited

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issues, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Share capital

Balance as at 31/05/2019 and 31/08/2019

Treasury shares

Balance as at 31/05/2019 and 31/08/2019

The Company	
Number of shares	S\$'000
648,152,876	73,194
1,270,400	269

There were no changes in the share capital and treasury shares since the end of the previous period reported on.

The number of outstanding warrants as at 31/08/2019 was 57,193,798, which can be exercised at the adjusted exercise price of S\$0.189 per warrant payable in cash within the period from the date of issue of the bonus warrants, 30/04/2018 and expiring at 5.00 p.m. on 30/10/2020. No warrants were exercised during the period ended 31/08/2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

Total number of issued shares

Total number of treasury shares

Total number of issued shares excluding treasury shares

The Company	
31/08/2019	31/05/2019
648,152,876	648,152,876
(1,270,400)	(1,270,400)
646,882,476	646,882,476

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the period ended 31/08/2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures presented have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

TEE International Limited

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in Paragraph 5, the Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted in the audited annual financial statements for the financial year ended 31/05/2019.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted the SFRS(I) 16 Leases with effect from 01/06/2019. The Group has applied the modified retrospective method of adoption and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the 2018 reporting period as permitted under specific transition provisions in the standard.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	First Quarter Ended	
	31/08/2019	31/08/2018
Loss per ordinary share of the Group based on the net loss attributable to owners of the Company:		
(i) Based on weighted average number of shares (cents)	(0.29)	(1.15)
- Weighted average number of shares (excluding treasury shares) ('000)	646,882	501,953
(ii) On a fully diluted basis (cents)	(0.29)	(1.15)
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	646,882	501,953

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year**

	Cents	
	As at 31/08/2019	As at 31/05/2019
The Group	12.1	12.5
The Company	8.7	8.9

Net asset value per share is calculated based on 646,882,476 (31/05/2019: 646,882,476) ordinary shares (excluding treasury shares) on issue at the end of the period under review and of the immediately preceding financial year.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
 (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Income Statement

First Quarter Ended 31/08/2019 ("1QFY2020") against First Quarter Ended 31/08/2018 ("1QFY2019")

Revenue increased by S\$16.7 million due mainly to higher contribution of progressive revenue from on-going engineering projects, which was partially offset by the lower revenue from TEE Land as compared to 1QFY2019. Cost of sales correspondingly increased by S\$14.3 million.

TEE International Limited

8. Income Statement (Continued)

Selling and distribution expenses increased by S\$0.5 million due mainly to the show flat costs incurred from TEE Land's on-going development projects.

Other operating expenses decreased by S\$1.4 million due mainly to the absence of option fee forfeited for the aborted purchase of land by TEE Land and unrealised foreign exchange losses in 1QFY2019.

Finance costs decreased by S\$0.5 million due to repayment of borrowings.

Overall, the Group reported a loss after tax of S\$2.5 million in 1QFY2020 as compared to a loss after tax of S\$5.8 million in 1QFY2019.

Loss attributable to owners of the Company was S\$1.9 million in 1QFY2020 as compared to a loss of S\$4.3 million in 1QFY2019.

Statement of Financial Position

Trade receivables increased by S\$23.8 million due mainly to advance payments to nominated sub-contractor for on-going engineering project and progressive billings for existing projects.

Total other receivables decreased by S\$3.4 million due mainly to repayment of S\$3.0 million by a related party, Oscar Investment Private Limited.

Contract costs increased by S\$0.7 million due mainly to sales of completed properties.

Development properties decreased by S\$34.2 million due mainly to a completed project being transferred to completed properties held for sale.

Completed properties and land held for sale increased by S\$23.9 million due mainly to the transfer of a completed project from development properties, as explained above.

Trade payables increased by S\$14.4 million due mainly to on-going engineering projects.

Total other payables decreased by S\$2.3 million due mainly to the decrease in accrued expenses and provisions.

Contract liabilities increased by S\$2.8 million due mainly to deposits received from TEE Land's customers for development projects.

Income tax payable increased by S\$0.6 million due mainly to income tax provision for 1QFY2020.

Statement of Cash flows

First Quarter Ended 31/08/2019 ("1QFY2020") against First Quarter Ended 31/08/2018 ("1QFY2019")

Operating activities

Net cash generated from operating activities was S\$3.5 million, due mainly to increase in trade payables and the realisation of development and completed properties held for sale, offset by decrease of trade receivables.

Investing activities

Net cash used in investing activities was S\$0.4 million, due mainly to purchase of property, plant and equipment.

Financing activities

Net cash used in financing activities was S\$1.6 million, due mainly to repayment of borrowings.

As a result, the Group recorded a net increase in cash and cash equivalents of S\$1.5 million.

TEE International Limited

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

There was no forecast or any prospect statement previously disclosed to shareholders.

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

Engineering Business

The Engineering team continues to focus on delivering on-going projects, exercise stringent cost control, as well as selectively tendering for engineering and AEI projects. The outstanding engineering order book stands at approximately S\$364.4 million as at 31 August 2019.

Pending the completion of its statutory audit, one of the subsidiaries' BCA grading has been temporarily downgraded.

Real Estate Business

In view of the challenging real estate market, the Group will continue to take a cautious approach when seeking opportunities to acquire new land sites and in making any investments.

Infrastructure Business

The Infrastructure team remains focused on improving operational efficiency by implementing new operating processes including the automation of the waste sorting process for the environmental business. It will also continue to explore opportunities to unlock its investment in its existing assets.

11. **Dividend**

- (a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

- (b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year ?

No.

- (c) **Date payable**

Not applicable.

- (d) **Book Closure Date**

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

No dividend has been declared because it is not the Company's practice.

13. **If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPTs.

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

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

TEE International Limited

15. Negative Assurance Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Phua Boon Kin and Saw Chin Choo, being two Directors of TEE International Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31/08/2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Phua Boon Kin
Interim Group Chief Executive

Saw Chin Choo
Executive Director

Dated 13 December 2019