CIRCULAR DATED 16 NOVEMBER 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of Singapore eDevelopment Limited (the "**Company**") represented by physical share certificate(s), you should forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The ordinary shares of the Company are listed for quotation on the Catalist. Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The SGX-ST has not in any way considered the merits of the securities being offered for investment.

The contact person for the Sponsor is Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, telephone (65) 6415 9886.

SINGAPORE EDEVELOPMENT LIMITED

(Company Registration No. 200916763W)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED EXPANSION OF THE GROUP'S INVESTMENT BUSINESS;

(2) THE PROPOSED ISSUE OF AN AGGREGATE OF UP TO 3,996,654,250 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY, COMPRISING THE RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,998,327,125 RIGHTS SHARES (AS DEFINED HEREIN) AT AN ISSUE PRICE OF S$0.03 FOR EACH RIGHTS SHARE, ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, AND THE ISSUE OF UP TO 1,998,327,125 FREE DETACHABLE WARRANTS CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE AT AN EXERCISE PRICE OF S$0.03 FOR EACH EXERCISED SHARE, ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR;

(3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE; AND

(4) THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Independent Financial Adviser in relation to the Whitewash Resolution

PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Company Registration No: 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:		
Last date and time for lodgement of Proxy Form	:	8 December 2015 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	10 December 2015 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Pan Pacific Singapore, Ocean 1, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595

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The following definitions apply throughout this Circular unless otherwise stated:

Companies within the Group

"Company"	:	Singapore eDevelopment Limited
"Group"	:	The Company and its subsidiaries collectively
"SCPL"	:	Singapore Construction & Development Pte. Ltd (formerly known as CCM Property Pte. Ltd.)
"SeD Capital"	:	SeD Capital Pte. Ltd.
"SeD Capital Group"	:	SeD Capital together with its current subsidiaries such as SeD Global Investment Pte. Ltd. and its future subsidiaries from time to time
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act

Other Corporations and Agencies

"ACRA"	:	Accounting and Corporate Regulatory Authority
"Authority"	:	The Monetary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"CIPL"	:	CCM Industrial Pte. Ltd.
"CPF"	:	Central Provident Fund
"HBD"	:	Hengfai Business Development Pte. Ltd.
"IFA"	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Recommending Directors
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNET"	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Share Registrar"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"SIC"	:	Securities Industry Council
"Sponsor"	:	Hong Leong Finance Limited, the sponsor of the Company

General

"AGM"	:	Annual General Meeting of the Company
"ARE"	:	The application and acceptance form for Rights Shares with Warrants and excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue

"ARS"	:	The application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on Catalist through the book-entry (scripless) settlement system
"Articles"	:	The Articles of Association of the Company
"Associate"	:	(a) In relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) In relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"ATM"	:	Automated teller machine of a Participating Bank
"Audit & Risk Management Committee"	:	The audit & risk management committee of our Company for the time being, unless otherwise stated
"Black Oak Project"	:	A property development project of the Group comprising of a 136-acre parcel of land in Houston, Texas, USA
"Ballenger Run Project"	:	A property development project of the Group comprising of a 197-acre land sub-division development, near Washington D.C., in Frederick County, Maryland
"Board"	:	The board of Directors of the Company for the time being, unless otherwise stated
"Board Committees"	:	The board committees of the Company, comprising the Audit & Risk Management Committee, the Nominating Committee and the Remuneration Committee
"Books Closure Date"	:	The time and date, to be determined by the Directors, at and on which the Share Transfer Books and Register of Members of the Company will be closed to determine the provisional allotments of Rights of the Entitled Shareholders under the Rights cum Warrants Issue
"Business Day"	:	A day on which the banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)

"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 16 November 2015
"Closing Date"	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of, the Rights Shares with Warrants under the Rights cum Warrants Issue
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
"Concert Party Group"	:	Mr Chan Heng Fai and HBD
"Controlling Shareholder"	:	A Shareholder who: (a) holds directly or indirectly 15% or more of the nominal amount of the Shares in the Company; or (b) in fact exercises control over the Company
"Deed Poll"	:	The deed poll to be executed by the Company constituting the Warrants and containing, *inter alia*, provisions for the protection of the rights and interests of the Warrantholders
"Directors"	:	The directors of the Company for the time being
"EGM"	:	The extraordinary general meeting of the Company, to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM
"Entitled Depositors"	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who had, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
"Entitled Scripholders"	:	Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names and (iii) registered addresses are in Singapore as at the Books Closure Date or who have, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
"Entitled Shareholders"	:	Entitled Depositors and Entitled Scripholders
"EPS / LPS"	:	Earnings per Share or loss per Share as the case may be

"Excess Applications"	:	Applications by Entitled Shareholders for Excess Rights Shares with Warrants
"Excess Rights Shares with Warrants"	:	The additional Rights Shares with Warrants that Entitled Shareholders will be eligible to apply for in excess of their provisional allotments under the Rights cum Shares Issue. Please refer to Section 5 of this Circular for more information
"Exchangeable Notes"	:	The exchangeable notes issued by the Company's wholly owned subsidiary, Singapore Construction & Development Pte. Ltd. (formerly known as CCM Property Pte. Ltd.), in 2014, which can be exchanged into new Shares of the Company. For more information on the Exchangeable Notes, please refer to the circular to Shareholders dated 28 October 2013
"Exercise Period"	:	The period during which the Warrants may be exercised, commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members of the Company is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to closure of the Register of Members of the Company or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warrantholders may be closed), subject to the terms and conditions of the Warrants to be set out in the Deed Poll
"Exercise Price"	:	The price payable in respect of each Exercised Share upon the exercise of a Warrant shall be S$0.03, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
"Exercised Share(s)"	:	Up to 1,998,327,125 new ordinary shares of the Company to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
"Existing Share Capital"	:	The existing issued and paid-up share capital of the Company of 300,295,850 Shares as at the Latest Practicable Date
"Foreign Purchasers"	:	Persons purchasing the Rights through the book-entry (scripless) settlement system whose registered addresses with CDP are outside Singapore
"Foreign Shareholders"	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to the Company, the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents
"FRS"	:	Singapore Financial Reporting Standards
"FY"	:	Financial year ended or ending 31 December, as the case may be, unless otherwise stated
"HY"	:	Half financial year period ended or ending 30 June, as the case may be, unless otherwise stated

"Independent Director"	:	An independent director of the Company
"Independent Shareholders"	:	Shareholders who are deemed to be independent for the purposes of the Proposed Whitewash Resolution
"Information Technology Business"	:	The business of software and hardware development and technology services offering to end-users and businesses (including telecommunication services providers) in such areas including (but not limited to) mobile internet and cloud computing technology
"Investment Business"	:	As at the date of this Circular, the business of investments in securities of companies with growth potential which may include equity, convertible securities and instruments such as bonds or funds (including but not limited to investing in property-related quoted securities and a range of property-related instruments such as funds and bonds). Details on the current scope of the Investment Business can be found in a circular to Shareholders dated 3 June 2014
"Issue Price"	:	The issue price of the Rights Shares, being S$0.03 for each Rights Share
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Circular, being 9 November 2015
"Mandurah Project"	:	A property development project of the Group comprising three waterfront residential sites in Mandurah City, Western Australia, where the Group plan to develop 11 apartment units for sale
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Maximum Issue Size"	:	The maximum issue size of the Rights cum Warrants Issue based on the Existing Share Capital and assuming that: (i) all of the 7,115,833 piggyback warrants and 33,626,871 bonus warrants (issued pursuant to the warrants issue announced by the Company on 6 August 2013) outstanding as at the Latest Practicable Date and all the 33,626,871 piggyback warrants to be issued pursuant to the exercise of the aforesaid 33,626,871 bonus warrants are exercised prior to the Books Closure Date; (ii) Mr Chan Heng Fai (the Executive Director, Chief Executive Officer and a controlling shareholder of the Company) and HBD do not exercise any of their interest in 2,217,391 piggyback warrants and 25,904,781 bonus warrants; (iii) all the outstanding share options issued by the Company have not been exercised, under the terms of their issue, into Shares; and (iv) of the Exchangeable Notes, S$1,500,000 in aggregate principal amount of Exchangeable Notes are exchanged into Shares. It is assumed that the remaining S$3,500,000 in aggregate principal amount of Exchangeable Notes which are held by HBD will not be exchanged into Shares

Maximum Scenario	:	The scenario for the subscription of the Rights cum Warrants Issue assuming: (i) the Maximum Issue Size; and (ii) there is a full subscription for all the Rights Shares with Warrants including the subscription by Mr Chan Heng Fai and HBD of their Rights Shares with Warrants entitlement (subject to the Whitewash Waiver)
"Memorandum"	:	The Memorandum of Association of the Company
"Minimum Scenario"	:	The scenario for the subscription of the Rights cum Warrants Issue assuming: (i) the Maximum Issue Size; (ii) Mr Chan Heng Fai and HBD subscribe for 245,000,000 Rights Shares with Warrants; (iii) none of the other Shareholders (save for Mr Chan Heng Fai and HBD) subscribe for their entitlements to the Rights Shares with Warrants and/or apply for excess Rights Shares with Warrants
"Net Proceeds"	:	Net proceeds from the Rights cum Warrants Issue
"Notice of EGM"	:	The notice of EGM which is on page 106 of this Circular
"Non-Executive Director"	:	A Director of the Company (including an Independent Director) who does not perform an executive function within the Group
"Offer Information Statement"	:	The offer information statement referred to in Section 277 of the Securities and Futures Act and, together with the PAL, the ARE, the ARS and all accompanying documents including any supplementary or replacement document, to be issued by the Company in connection with the Rights cum Warrants Issue
"Ordinary Resolutions"	:	The ordinary resolutions as set out in the Notice of EGM on page 106 of this Circular
"PAL"	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out the provisional allotment of Rights Shares with Warrants under the Rights cum Warrants Issue
"Participating Banks"	:	The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors and persons purchasing the "nil-paid" rights through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and applications for excess Rights Shares with Warrants, as the case may be, to be made under the Rights cum Warrants Issue, and each of them a "**Participating Bank**"
"Property Development Business"	:	The business of property development in Singapore, the Asian region, the USA, Australia and Spain

"Proposed Amendments"	:	The proposed amendments to the Articles as set out in full in Appendix III to this Circular
"Proposed Expansion"	:	The proposed expansion of the Group's Investment Business to include the following: (a) investing in quoted and/or unquoted securities on various aspects on investment such as providing seed, mezzanine and other forms of capital to listed companies and/or private companies with potential of business growth and trade sales as an integral part of merger & acquisition; which may also include undertaking business incubation and angel investments as part of the corporate strategies and business development of the investee companies; (b) pre-initial public offer investments, which involve investing in shares of companies which may proceed to be listed on any internationally recognised stock exchange via initial public offerings or via reverse takeovers (or similar process); (c) trading in quoted securities (including equities trading), buying and selling of unquoted securities; (d) trading in futures, commodities, bonds, funds and other derivatives and financial products (whether quoted on any stock exchange or unquoted); (e) investing in REITs; and (f) investing in private equity funds, hedge funds and funds of funds
"Proposed Resolutions"	:	The Ordinary Resolutions and Special Resolution as set out in the Notice of EGM on page 106 of this Circular for which the Directors are seeking Shareholders' approval
"Proposed Whitewash Resolution" or **"Whitewash Resolution"**	:	The proposed resolution which requires approval by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a general offer for the Company from the Concert Party Group pursuant to Rule 14 of the Code and the Whitewash Waiver relating to the Rights cum Warrants Issue, further details of which are found in Section 7 of this Circular
"Proxy Form"	:	The proxy form in respect of the EGM as set out on page 109 in this Circular
"PRC"	:	The People's Republic of China
"Purchaser"	:	A purchaser of the Rights
"Recommending Directors"	:	Directors who are regarded as independent in respect of the Whitewash Resolution, namely, Mr Basil Chan, Mr Chan Yu Meng, Mr Tao Yeoh Chi, Mr Teh Wing Kwan, Mr Vincent Lum and Mr Cui Peng

"Record Date"	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
"Register of Members"	:	Register of members of the Company
"REIT"	:	Real estate investment trust
"Rights"	:	The "nil-paid" rights (evidenced by the provisional allotments of Rights Shares with Warrants)
"Rights Announcements"	:	The announcements made by the Company on 27 July 2015 and 8 October 2015 relating to the Rights cum Warrants Issue
"Rights cum Warrants Issue"	:	The renounceable non-underwritten rights issue by the Company of up to 1,998,327,125 Rights Shares at an issue price of S$0.03, on the basis of five (5) Rights Shares for every one (1) Share held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, and the issue of up to 1,998,327,125 free detachable warrants carrying the right to subscribe for one (1) Exercised Share at the Exercise Price on the basis of one (1) Warrant for every one (1) Rights Share subscribed for
"Rights Shares"	:	Up to 1,998,327,125 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
"Rights Trading Period"	:	The trading period of the Rights on a "nil-paid" basis
"Securities Account"	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"Share Registrar", "Warrant Agent" or "Warrant Registrar"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"Share Transfer Books"	:	The share transfer books of the Company
"Shareholders"	:	Registered holders of Shares in the register of Members of the Company or, where CDP is the registered holder, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with those Shares
"Shareholders' Approval"	:	The approval of the Shareholders for any or all the Proposed Resolutions, as the case may be
"Shares"	:	Ordinary shares in the capital of the Company
"SIC Conditions"	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Section 7.4 of this Circular

"Special Resolution"	:	The special resolution in relation to the Proposed Amendments as set out in the Notice of EGM on page 106 of this Circular
"Substantial Shareholder"	:	A person who has an interest in the voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5.0% of all the voting Shares
"Take-over Code" or "Code"	:	The Singapore Code on Take-overs and Mergers, as may be amended and revised from time to time
"Treasury Shares"	:	"**Treasury Shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act
"Undertaking Shareholders"	:	Mr Chan Heng Fai and HBD
"Undertakings"	:	The irrevocable undertakings dated 13 November 2015 given by the respective Undertaking Shareholders to the Company as disclosed in Section 5.10 of this Circular
"USA"	:	United States of America
"Warrantholders"	:	Registered holders of the Warrants, except where the registered holder is CDP, the term "Warrantholders" shall, in relation to such Warrants and where the context admits, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
"Warrant(s)"	:	Up to 1,998,327,125 free detachable warrants in registered form, to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue, and where the context so admits, such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* with the warrants to be issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), subject to the terms and conditions to be set out in the Deed Poll, each warrant entitling the holder thereof to subscribe for one (1) Exercised Share at the Exercise Price
"Whitewash Waiver" or **"SIC Waiver"**	:	The waiver granted by the SIC of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code in the event that the combined shareholdings of the Concert Party Group or the shareholding of any member of the Concert Party Group exceeds 30% of the Company's enlarged issued share capital as a result of the Concert Party Group subscribing for or acquiring 245,000,000 Rights Shares with Warrants. The waiver is subject to the satisfaction of the SIC Conditions, further details of which are set out in Section 7.4 of this Circular

Currencies, Units and Others

"S$" and "cents"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"%" or "per cent."	:	Per centum or percentage

The term "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. A "**person**" shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to the time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, or the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the Catalist Rules and/or any other regulatory or supervisory body or agency.

SINGAPORE EDEVELOPMENT LIMITED

(Company Registration Number: 200916763W)
(Incorporated in Singapore)

Directors:

Basil Chan (Independent and Non-Executive Chairman)
Chan Heng Fai (Executive Director and Chief Executive Officer)
Cui Peng (Executive Director)
Vincent Lum (Executive Director)
Teh Wing Kwan (Non-Executive Director)
Tao Yeoh Chi (Independent Director)
Chan Yu Meng (Independent Director)

Registered Office:

10 Windstedt Road,
Block A #02-02
Singapore 227977

16 November 2015

To: The Shareholders of Singapore eDevelopment Limited

Dear Sir/Madam,

1. INTRODUCTION

1.1. EGM

The Directors are convening an EGM to be held on 10 December 2015 to seek Shareholders' approval in relation to:

(1) the proposed expansion of the scope of the Group's Investment Business (i.e. the Proposed Expansion) ("**Ordinary Resolution 1**");

(2) the proposed Rights cum Warrants Issue ("**Ordinary Resolution 2**");

(3) the Proposed Whitewash Resolution ("**Ordinary Resolution 3**"); and

(4) the proposed amendments to the Articles ("**Special Resolution 4**"),

(collectively, the "**Proposed Resolutions**").

1.2. Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the abovementioned Proposed Resolutions to be tabled at the EGM, the notice of which is set out on page 106 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

Shareholders should note that the passing of Ordinary Resolution 3 is conditional upon the passing of Ordinary Resolution 2. As such, if Ordinary Resolution 2 is not passed, Ordinary Resolution 3 will not be carried out.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED EXPANSION OF THE INVESTMENT BUSINESS

2.1. Introduction

The Directors are seeking Shareholders' approval for the Proposed Expansion of the Group's Investment Business at the EGM.

Shareholders' approval in relation to the Proposed Expansion and as set out as **Resolution 1** in the Notice of EGM on page 106 of this Circular will be sought at the EGM.

Section 2, 3 and 4 of this Circular are intended to provide Shareholders with information relating to, and explain the rationale for, the Proposed Expansion.

2.2. Background of the Proposed Expansion

At an extraordinary general meeting of the Company held on 20 November 2013, the Company sought for and obtained Shareholders' approval to diversify into the Investment Business. At the time, the scope of the Investment Business pertained to the business of investing in property-related quoted securities and a range of property-related instruments such as funds and bonds ("**Initial Investment Business Scope**"). Subsequently, the scope of the Investment Business was expanded pursuant to an extraordinary general meeting of the Company held on 18 June 2014, whereby the Company sought for and obtained Shareholders' approval to expand the scope of the Investment Business to the business of investments in securities of companies with growth potential which may include equity, convertible securities and instruments such as bonds or funds. This was in addition to the Initial Investment Business Scope.

As at the Latest Practicable Date, the Group has utilised approximately S$649,000 in its Investment Business. The Company has invested in the quoted securities of various property companies (the amount of investment is approximately S$21,000 with S$78,000 cash holding by the broker) and unquoted equity securities of a privately held property realtor company in Hong Kong with operations in Hong Kong, the PRC, Taiwan and Japan (the amount of investment is approximately S$432,000). The Company has unrealised loss of S$849 from its investments in the quoted securities and the Company had paid fee of approximately S$115,000 for consultancy and advisory services in relation to its Investment Business.

2.3. Scope of the Investment Business following the Proposed Expansion

The Board proposes for the Group to further expand the scope of the Investment Business, such that the expanded scope of the Investment Business would, moving forward, include the following activities:

(a) investing in quoted and/or unquoted securities on various aspects on investment such as providing seed, mezzanine and other forms of capital to listed companies and/or private companies with potential of business growth and trade sales as an integral part of merger & acquisition, which may also include undertaking business incubation and angel investments as part of the corporate strategies and business development of the investee companies;

(b) pre-initial public offer investments, which involve investing in shares of companies which may proceed to be listed on any internationally recognised stock exchange via initial public offerings or via reverse takeovers (or similar process);

(c) trading in quoted securities (including equities trading), buying and selling of unquoted securities;

(d) trading in futures, commodities, bonds, funds and other derivatives and financial products (whether quoted on any stock exchange or unquoted);

(e) investing in REITs; and

(f) investing in private equity funds, hedge funds and funds of funds.

Upon the approval of Shareholders for the Proposed Expansion being obtained at the EGM, the Group intends to make the Investment Business as its third core business. The core businesses of the Group currently are the Property Development Business and the Information Technology Business.

The Board envisions that the revenue for the expanded Investment Business will be substantially derived from capital gains, interest and dividend income from the Group's investments in the investee companies and businesses.

The Group intends to engage the expanded Investment Business on a prudent basis with discretion. The Group will seek to set appropriate risk and return objectives for such investments. The investment portfolio of the expanded Investment Business will not be restricted to any particular business sector, industry or country but the Company will consider any business sector, industry or country that presents growth opportunities for the Group. The vehicle(s) through which the Group seeks to carry out the expanded Investment Business is SeD Capital Group.

The Group will endeavour to engage in other investments, such as (and not limited to) investing in other quoted and unquoted securities, providing seed and mezzanine capital to private companies with growth potential, and undertaking business incubation and angel investments, making pre-initial public offer investments, trading in securities (including equities trading) and investing in REITs, as and when the Group deems such growth for the Investment Business as prudent and suitable. In doing so, the Group will consider, amongst others, the Group's human capital, working capital, prevailing market conditions, and such other factors as may be relevant at the appropriate time.

Prior to making an investment, the Group will evaluate each investment based on the policies and procedures setup by the Audit and Risk Management Committee. The Group will consider factors such as (a) the projected rate of return; (b) the projected investment capital involved; (c) the estimated profit margins; (d) the type of securities or instruments proposed for investment; (e) the underlying business and/or assets of the investment; (f) the value of the proposed investment; (g) the investment's potential for increase in value (such as potential of the revenue and profit growth, industry growth potential); (h) assessment of relevant risk factors associated with the specific potential investment (such as the quality of the investee's management team, the uniqueness of the product or service offerings, and the potential of the investee being an innovation leader); (i) the borrowing costs involved, if any; and (j) and the prevailing local and general market conditions.

The Group may also collaborate with external consultants and/or advisers for the Investment Business. These collaborations may be done on a profit-sharing basis or on such other terms acceptable to the Group, including in respect of profit distribution and investment realisation. The Group will take into account various factors such as the adequacy of the Group's working capital and the projected returns on equity, in agreeing on terms with the external consultants and/or advisers.

The Group may also explore joint ventures, partnerships and/or strategic alliances with third parties (including interested persons) who have the relevant expertise and resources to jointly invest and/or analyse such investments as and when opportunities arise. Such alliances may be carried out on a case by case basis and in selecting its strategic partners, SeD Capital Group will take into account the specific expertise and competencies necessary for the projects or deals in question and the experience, track record and financial standing of the party and/or parties concerned. In the event that the Group proposes to enter into a joint venture, partnership or strategic alliance with an interested person (as defined under the Catalist Rules), the Company will comply with the relevant provisions of Chapter 9 of the Catalist Rules.

Before undertaking any investment activity into a new jurisdiction for the expansion of the Investment Business, the management of SeD Capital Group will prepare a proposal containing a cost-benefit analysis, credentials of potential partners (if any), and the funding needs of the project concerned. The management of SeD Capital Group will, if necessary, seek the advice of external consultants and experts. This proposal will require approval by the board of directors of SeD

Capital before such investment activity is undertaken. The board of SeD Capital will review the risks and returns of the project and consider and decide on such expansion. Projects above an internally-determined threshold will also need to be approved by the Audit & Risk Management Committee of the Company.

In addition, the Board and the Audit & Risk Management Committee of the Company, which reviews the risk exposure of the businesses of the Group at regular intervals, will review the risk exposure of the investment activities under the Investment Business at regular intervals. For information on the additional proposed risk management measures and safeguards for the expanded Investment Business, please refer to Section 4.2 of this Circular.

After obtaining Shareholders' approval for the Proposed Expansion, the Group may employ professionals with relevant investment and/or mergers and acquisitions experience to assist with operations for the expanded Investment Business. The Group may also require employees to undertake roles which would include, but are not limited to, conducting market research and analysis, carrying out due diligence investigations and ongoing audit on the investee companies, and executing investment transactions and exit strategies. Should the Group require additional headcount for the operations of the expanded Investment Business, the management will reassess the general working capital needs and provide a suitable budget prior to such increment in headcount.

The Group will embark on specific investments or projects for the expanded scope of the Investment Business upon the approval of Shareholders for the Proposed Expansion being obtained at the EGM.

2.4. Rationale for the Proposed Expansion

The Directors propose to expand the scope of the Investment Business due to the following principal reasons:

2.4.1. <u>The Proposed Expansion into the Capital Markets Business can bring about various benefits to the Group</u>

Additional and recurrent revenue streams with a view to achieving long-term growth – The Board envisions that the Proposed Expansion can provide additional and recurrent revenue streams for the Group. Such additional and recurrent revenue streams arising from the Proposed Expansion may include, amongst others, capital gains and recurring dividend income from its investments as well as fee income.

Wider network of contacts and business opportunities – The Board envisions that the expanded scope of the Investment Business will augment and strengthen the Group's existing businesses, by providing greater access to financial services and funding, and exponentially increasing the Group's network of contacts, which may potentially lead to fresh business opportunities for the Group when the Group invests in its investee entities.

Diversity of business and income base, and reduced reliance on the Group's existing businesses – The Proposed Expansion will be beneficial to the Group's efforts to sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group's existing businesses. The Proposed Expansion may provide the Group with a more diversified businesses and income base for future growth. The Board also believes that the Proposed Expansion creates the opportunity for geographical diversification. The Group intends to explore investment opportunities with no geographical limit. This allows the Group to be flexible in seeking out and capturing such opportunities and to be adaptable to the fluidity of investment deals around the world.

Capitalising on the growth prospect of both Singapore and overseas markets – The Directors believe that the Proposed Expansion will enable the Group to be better-positioned to capitalise on the growth prospects of both Singapore and overseas markets. Capitalising on such investment opportunities may enhance the performance of the Group's Investment Businesses, and thereby strengthen the Group's turnover and profit and enhance shareholder value and return.

2.4.2. Approval is not required from Shareholders for Major Transactions that do not change the Group's risk profile

After Shareholders' approval for the Proposed Expansion has been obtained, the Group may, in the ordinary course of business, enter into transactions relating to the Investment Business without having to seek Shareholders' approval. This will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the Investment Business arise. This will allow the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature, and may also substantially reduce the expenses associated with the convening of general meetings from time to time.

For the avoidance of doubt, notwithstanding the Proposed Expansion, in respect of transactions:

(i) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting; and

(ii) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

Further, the Company will seek the approval of Shareholders should a transaction change the risk profile of the Company as defined in Practice Note 10A of the Catalist Rules.

Rule 1005 of the Catalist Rules states that "the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or to direct the sponsor to aggregate other transactions."

Pursuant to Clause 7(b) of Practice Note 10A of the Catalist Rules, should a transaction change the risk profile of the Company, Shareholders should have an opportunity to have their say on the proposed transaction. This is so notwithstanding that the transaction will not change the main business of the Company.

Clause 7(c) of Practice Note 10A of the Catalist Rules sets out the following factors that will be considered in determining whether the risk profile of the Company has been changed:

(i) whether the acquisition will increase the scale of the Company's existing operations significantly. An acquisition is regarded as increasing the scale of operations significantly if any of the relative figures computed on the bases set out in Rule 1006(c) and 1006(d) is 100% or more. Rule 1015 requires Shareholders' approval to be obtained for such an acquisition regardless of whether the acquisition is treated as in the Company's ordinary course of business. Such an acquisition may be treated as a very substantial acquisition;

(ii) whether the acquisition will result in a change of control of the Company. Rule 1015 requires Shareholder's approval to be obtained if the acquisition will result in a change in control of the Company regardless of whether the acquisition is treated as in the Company's ordinary course of business. Such an acquisition may be treated as a reverse takeover;

(iii) whether the acquisition will have a significant adverse impact on the Company's earnings, working capital and gearing;

(iv) the extent to which the acquisition will result in an expansion of the Company's business to a new geographical market and/or a new business sector; and

(v) the extent to which the intended expansion has been foreshadowed and investors have had an opportunity to vote at previous general meetings on (a) the Company's proposal; or (ib) waiving their rights to approve the Company's proposal.

Clause 7(d) of Practice Note 10A of the Catalist Rules further provides that the factors in determining whether an acquisition would change the Company's risk profile as enumerated in Clause 7(c) of Practice Note 10A of the Listing Manual are neither exhaustive nor conclusive.

2.5. Vehicle for the Proposed Expansion

The Group proposes to expand the Investment Business by utilising SeD Capital Group as the vehicle(s) through which the Group will engage in the expanded Investment Business.

2.6. Management of the Investment Business following the Proposed Expansion

The management of the Investment Business shall continue to be spearheaded by Mr Chan Heng Fai, an Executive Director and the Chief Executive Officer of the Group. Mr Chan Heng Fai will be assisted by Mr Cui Peng, an Executive Director of the Group.

Mr Chan Heng Fai has vast expertise in corporate restructuring and wealth of experience in various areas of investment, business and entrepreneurship. With a keen eye for opportunities to unearth and develop potentially profitable businesses, Mr Chan Heng Fai has successfully restructured over 35 companies in different industries and countries in the past 40 years, including but not limited to SGX-ST Catalist-listed SingHaiyi Group Ltd. ("**SingHaiyi**") (formerly known as SingXpress Land Ltd) and American Pacific Bank (listed on NASDAQ between 1988 and 2005). The Company is confident that Mr Chan Heng Fai will be able to lead the Group's Investment Business following the Proposed Expansion to tap on potentially profitable companies to generate additional revenue and returns for the Group.

Mr. Cui Peng has a diverse and professional background in business development, corporate finance, as well as mergers and acquisitions, with an in-depth focus on China and its surrounding regions. He has held multiple senior appointments, and has been an Associate Director of the Company since November 2014. Mr. Cui Peng currently leads the Company's business development and expansion, focusing on operations in mainland China and Southeast Asia.

Mr Chan Heng Fai and Mr Cui Peng will sit on the board of SeD Capital. The Group intends to hire qualified personnel with suitable expertise and experience to support the growth of the Investment Business. The Group's management team may also, where appropriate, seek the advice of external consultants and industry experts when making decisions in respect of the Investment Business. The Group may appoint additional directors to the board of SeD Capital inline with the growth of the Investment Business.

2.7. Funding for the Proposed Expansion

The Company intends to explore the Proposed Expansion organically as well as through non-organic ways such as potential acquisitions, joint ventures or strategic alliances with parties which are experienced in the business and may require significant cash outlay. The Company intends to fund the Proposed Expansion through a combination of internal sources of funds and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may develop secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

2.8. Licences

As and where necessary and if required, the Group will apply for the requisite licences and/or permits for the expanded Investment Business or where any investment activities carried out under the expanded Investment Business requires for any particular licences and/or permits.

3. RISK FACTORS – PROPOSED EXPANSION

The Proposed Expansion involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risks, could be material. To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Expansion have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the expansion of the Investment Business, this may have a material and adverse impact on the Investment Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the expansion of the Investment Business or the extent to which any factor, or combination of factors, may affect the expansion of the Investment Business. There may also be other risks associated with the expansion of the Investment Business, which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

3.1. General Risk Factors Associated with the Proposed Expansion

The Group's performance in the expanded Investment Business will be subject to exposure to macro-economic risks

The expanded Investment Business can be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

(a) legal and regulatory changes;

(b) government policies;

(c) economic and political conditions;

(d) level and volatility of liquidity and risk aversion;

(e) concerns about natural disasters, terrorism and war;

(f) the level and volatility of equity, debt, property, commodity and other financial markets;

(g) the level and volatility of interest rates and foreign currency exchange rates;

(h) concerns over inflation; and

(i) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the performance of the expanded Investment Business, which in turn may affect the Group's revenue, results of operations and/or financial condition.

Pursuant to the Proposed Expansion, the Group may invest in foreign countries and securities of issuers located outside of the Singapore, which may involve foreign exchange, political, social, economic and tax uncertainties and risks.

The Group may invest all or a portion of the assets under our funds in the equity, debt, loans or other securities of issuers located outside Singapore. In addition to business uncertainties, such investments may be affected by changes in currency translation as well as political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in Singapore or certain major financial markets such as Hong Kong & United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and

regulatory environment may also be different, particularly with respect to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

Restrictions imposed or actions taken by foreign governments may adversely impact the value of the Group's investments. Such restrictions or actions could include exchange controls, seizure or nationalisation of foreign deposits or other assets and adoption of other governmental restrictions that adversely affect the prices of securities or the ability to repatriate profits on investments or the capital invested itself. Income received by the Group from sources in some countries may be reduced by withholding and other taxes. Any such taxes paid by a fund will reduce the net income or return from such investments. The Group's investments could also expose itself to risks associated with trade and economic sanctions prohibitions or other restrictions imposed by governments or organizations, including the United Nations, the European Union and its member countries. While the Group will take these factors into consideration in making investment decisions, including when hedging positions, the Group may not be able to fully avoid these risks or generate sufficient risk-adjusted returns.

In addition, as a result of the complexity of, and lack of clear precedent or authority with respect to, the application of various income tax laws to foreign investment structures, the application of rules governing how transactions and structures should be reported is also subject to differing interpretations. New legislation or changes in the interpretation of existing legislation and local authority assertions that investors have a local taxable presence or are holding companies for trading purposes rather than for capital purposes, or are not otherwise entitled to treaty benefits. In addition, the tax authorities in certain countries have sought to deny the benefits of income tax treaties for withholding taxes on interest and dividends of non-resident entities, if the entity is not the beneficial owner of the income but rather a mere conduit company inserted primarily to assess treaty benefits.

The success of the Proposed Expansion is heavily dependent on the Group's reputation. Any adverse publicity could have an adverse effect on the Group's business and financial performance.

The success of the Proposed Expansion will rely heavily on the market's perception of the Group. This arises from the nature of the expanded Investment Business, wherein integrity (and the perception thereof), trust and confidence (from clients and counterparties) are extremely crucial. Negative publicity or adverse reputational events (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of clients. Therefore, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

The Group may be exposed to litigation

The expanded Investment Business may be subject to a complex legal and regulatory environment. Licensing requirements and capital adequacy requirements may apply in the context of the expanded Investment Business. In addition, certain duties may be owed to counterparties or third parties in the context of the expanded Investment Business. Any litigation brought against the Group in the future in relation to the expanded Investment Business could have a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial condition.

The Group may be affected by the actions of its employees and/or the professionals it engages

Whilst the Group intends to put in place internal policies and risk management guidelines, such precautions may not be effective in all cases. It may not always be possible to detect employee misconduct. Employee misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation. This may materially and adversely

affect the Group's business operations and financial performance. In addition, the laws, rules and regulations applicable to the professionals engaged by the Group may also impose restrictions and/or penalties on the Group in the event such laws, rules or regulations are breached, or alleged to be breached by the professionals, and the Group's competitiveness and financial performance may consequently be materially and adversely affected.

The Group's success to carry out the Proposed Expansion depends on the Group's ability to attract highly skilled personnel

The Group's success to carry out the Proposed Expansion will depend on its ability to attract, train, retain and motivate skilled employees and professionals in the relevant fields of expertise and with the relevant track record for the expanded Investment Business. If the Group is unable to attract, retain and/or motivate the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. The Group's ability to attract, train, retain and motivate skilled employees and professionals is dependent on the Group's ability to offer attractive remuneration and incentives, among other benefits. Efforts to attract, train, retain and motivate such personnel may result in significant additional expenses, which could adversely affect the financial condition of the Group.

The Group may not be successful in implementing its strategies

The Group's expansion strategy in the Investment Business will include a number of risks. Such risks include the risk that the expected results may not materialise, the new strategies may conflict, detract from or compete against its existing businesses, or the investment process, controls and procedures that the Group develops will prove insufficient or inadequate, among other risks. If the Group is not successful in implementing its expansion strategies and ensuring that all the businesses of the Group do not adversely affect one another, there may be a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial condition.

The Group may not be successful in applying for and maintaining the requisite registrations and/or licenses

The Proposed Expansion may be subject to governmental regulations and rules by the relevant authorities. Some of these include the requirement to apply for and obtain certain registrations, licences and approvals, as well as fulfilling all continuing obligations in connection with such registrations, licences and approvals. There can be no assurance that the Group will be successful in applying for and obtaining the requisite registrations, licences and approvals, or that the Group will be able to maintain and/or renew these licences. Failure to obtain and/or renew registrations, licences and approvals when necessary may delay the commencement of, or prevent revenue growth in the expanded Investment Business, which may materially and adversely affect the results of operations or financial position of the Group.

The Group may be exposed to foreign exchange risk

The Company's reporting currency is in Singapore Dollars, whilst it is anticipated that the currencies used in the operations of the Investment Business may span a wide range of currencies. Upon consolidation, the financial statements of the Investment Business will be translated into Singapore Dollars at the exchange rates in effect at the balance sheet date. All profit and loss accounts are translated using the average exchange rates for the period. Accordingly, the Group will have translation foreign exchange exposure.

In addition, to the extent that the Group's revenue and operating expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection, the Group is also exposed to transactional foreign exchange exposure. Accordingly, any significant currency fluctuations will have a material impact on the Group's financial performance.

The Group will be dependent on certain key personnel for the success of the expanded Investment Business

The Group's success for the expanded Investment Business will be highly reliant on the contributions and expertise of the Executive Directors and management (notably, our Chief Executive Officer, Mr Chan Heng Fai). The success and growth in the expanded Investment Business will also depend, to a large extent, on our ability to retain and motivate our other key management personnel in these businesses. The loss of services of our Chief Executive Officer or any of the other Directors without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on our prospects, operations and financial performance.

The Group may face force majeures and other events beyond the control of the Group

In addition to the general macroeconomic conditions and business environment of various jurisdictions and sectors that may affect the Investment Business, diverse factors such as natural disasters, epidemics, pandemics or acts of terrorism and international disputes that affect economic and business conditions may disrupt the operation of the Investment Business. Consequently, the costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

The Group may face operational risk from errors made in the execution, confirmation or settlement of transactions and our dependence on the Group's headquarter in Singapore and third-party providers may have an adverse impact on the Group's ability to continue to operate the Investment Business without interruption which could result in losses to the Group.

The Group may face operational risk from errors made in the execution, confirmation or settlement of transactions. The Group may also face operational risk from transactions not being properly recorded, evaluated or accounted for in the Group's books and/or accounting system. The Group's business will be highly dependent on the ability to process and evaluate, on a daily basis, transactions across markets and geographies in a time-sensitive, efficient and accurate manner. Consequently, the Group shall rely heavily on our financial, accounting and other data processing systems. In addition, the Group's information systems and technology might not be able to accommodate our growth, and the cost of maintaining such systems might increase from time to time. These risks could cause the Group to suffer financial loss, a disruption of businesses, liability to funds, regulatory intervention and reputational damage.

Furthermore, the Group depends on its headquarter in Singapore for the operation of the Group's Investment Business. A disaster or a disruption in the infrastructure that supports the Investment Business, including a disruption involving electronic communications or other services used by us or third parties with whom the Group conducts business, or directly affecting the headquarters, may have an adverse impact on the Group's ability to continue to operate our businesses without interruption which could have a material adverse effect on the Group's operations. Although the Group will put in place disaster recovery programs, these may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Group's losses.

Finally, the Group relies on third-party service providers for certain aspects of the Group's businesses, including for certain information systems, technology and administration of investments and compliance matters. Any interruption or deterioration in the performance of these third parties could impair the quality of the Investment Business' operations and could impact the Group's reputation, adversely affect its businesses and limit its ability to grow.

The Group relies on information systems to conduct its Investment Business, and failure to protect these systems against security breaches could adversely affect the Group's Investment Business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, the Group's Investment Business could be harmed.

The efficient operation of the Group's Investment Business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. The Group relies on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on its information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt the Group's Investment Business and could result in decreased performance and increased operating costs, causing the Group's Investment Business and results of operations to suffer. Any significant interruption or failure of the Group's information systems or any significant breach of security could adversely affect the Group's Investment Business and results of operations.

3.2. Specific Risk Factors Associated with the Proposed Expansion

Risk factors associated with the Investment Business have been previously highlighted in the Company's circular to Shareholders dated 28 October 2013 (in respect of the Initial Investment Business Scope) and in the Company's circular to Shareholders dated 3 June 2014 (in respect of the subsequent expansion of scope of the Investment Business). The risk factors discussed below pertain to additional risk factors arising from the Proposed Expansion. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors of the Proposed Expansion on the Investment Business or the extent to which any factor, or combination of factors, may affect the Investment Business. There may also be other risks associated with the entry into the Investment Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

Investments in unlisted companies may potentially be illiquid

Pursuant to the Proposed Expansion, the Group may invest in unlisted companies. In such cases, the Group could incur greater investment realisation risks than investments in listed securities, as there may be limited methods available to the Group for the sale of such investments, such as by way of an initial public offer. There can be no assurance that such investee companies would be able to comply with or meet the requirement(s) for an initial public offer. Even if the investee companies are able to undertake an initial public offer, the securities held by the Group may be subject to certain restrictions (such as moratorium undertakings), including the requirement to retain a certain level of shareholding in the investee company for a certain period of time. There can be no assurance that the Group will be able to successfully realise its investments in unlisted companies by way of an initial public offering or otherwise.

The investee companies may be adversely affected by changes in general economic, political and social conditions

The business, earnings, asset values, prospects and valuation of the investee companies will be subject to and affected by the prevailing economic, political and social conditions in the markets and/or countries in which they operate. Such factors include developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, economic or diplomatic developments in or affecting the countries in which the investee companies operate. In addition, investee companies may, from time to time, undertake activities that may cause damage and/or harm to third parties or the environment. If damage and/or harm to third parties or the environment arise from the direct or indirect activities of investee companies, these companies may

face legal action and/or other claims which may adversely affect their financial position. In some jurisdictions, the liability for the harm and/or damage caused to third parties or the environment may extend beyond the immediate businesses to their ultimate shareholders.

The Group may be exposed to a higher level of risk through its investments in companies with businesses in the early stages of development

The Group may invest in the quoted and/or unquoted securities of companies with businesses in the early stages of development that have high growth potential (for example, if the Group invests in such companies as the angel investing or business incubation stage). While these companies may present greater opportunities for growth, they are often accompanied by a higher risk profile than those usually associated with companies with more established businesses. There can be no assurance that the Group may be able to reap its envisaged or any returns, or even recover its investments. Given the nature of such investments, the Company will regularly assess the financial and operational performance of such investee companies.

The Group may not be able to identify and invest in suitable investee companies

The performance and success of the Proposed Expansion is dependent on the Group's ability to identify suitable investments and following such identification, to successfully realize the value of the investments. This ability may be undermined by various factors, including changes to the general economic conditions and changes to relevant interest rates and business sentiment. There is thus no assurance that the Group will always be successful in identifying suitable investments for the expanded Investment Business. The Group's inability to identify and make suitable investments in investee companies may materially and adversely affect the Group's ability to grow the Investment Business.

The Group may not be able to fully influence or control the investee companies, which may adversely affect the Group

The Group may not become actively involved with the day-to-day management of any particular investee company. Where the Group takes a strategic but non-controlling stake in an investee company, it may have limited control or influence in terms of the investee company's business and operations. Therefore, the Group may not be able to take any steps to remedy any mismanagement of any investee company. Such mismanagement may adversely affect the financial performance of the investee company, which may in turn affect the returns on the Group's investments. The impact of any negative publicity or announcements relating to management of an investee company may also adversely affect the Group's reputation (whether or not justified), as well as correspondingly, the value of the Company's Shares.

The Group's investment activities may be subject to risks due to fluctuations in interest rates

To the extent that the Group obtains borrowings for investments or other purposes and the borrowings are at floating rates of interest, the cost of servicing such debt will increase if the interest rates for the borrowings increase significantly. Any significant increase in interest rates may adversely impact the performance of the Group's investment activities if the Group's borrowings are made under floating rates of interest.

The Group may not, and may not be able to hedge effectively against certain risks

The Group may, from time to time, undertake various transactions (such as transacting in options and warrants, or entering into futures contracts) to hedge its foreign exchange exposure and interest rate exposure. There can be no assurance that the Group will, or will be able to hedge successfully or effectively against such exposures and the Group may be unable to avoid losses therefrom.

The Group's financial projections for portfolio companies and other fund investments may prove inaccurate.

The Group generally establish the capital structure of portfolio companies and certain other fund investments, including real estate investments, on the basis of financial projections for such investments. These projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. General economic conditions, which are not predictable, along with other factors may cause actual performance to fall short of the financial projections the Group used to establish a given investment's capital structure. For any given leverage employed in the Group's investments, this could cause a substantial decrease in the value of the Group's equity holdings in such investments. The inaccuracy of financial projections could thus cause the Group's funds' performance to fall short of expectations and may adversely impact the performance of the Group's investment activities.

4. RISK MANAGEMENT MEASURES AND SAFEGUARDS, FINANCIAL RESULTS

4.1. Proposed risk management measures and safeguards for the Proposed Expansion

To address the risks presented by the Proposed Expansion to the Group, the Audit & Risk Management Committee of the Board will be tasked with the responsibility of overseeing the risk management activities of the expanded Investment Business. The Audit & Risk Management Committee will be required to approve appropriate risk management procedures and measurement methodologies, as well as identifying and managing the various business risks for the expanded Investment Business.

Mr Chan Heng Fai and the Company's senior management will oversee the hiring, and will review the suitability of potential employees and professionals to be engaged to carry out the Proposed Expansion.

The management will, in consultation with the Audit & Risk Management Committee, implement measures to assess the risk profiles of its proposed investee companies for the Investment Business.

The Group will endeavour to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of each of its subsidiaries engaged in the expanded Investment Business, and will review such risk management systems periodically to assess adequacy.

4.2. Additional proposed risk management measures and safeguards for the expanded Investment Business

The Board of the Company, with the recommendations of the Audit and Risk Management Committee, will adopt internal policies and procedures for the management to consider before tabling proposals to undertake such investments for the Board's consideration. Such policies and procedures will require the management to consider the investment objectives, strategic approach, performance benchmarks, investment restrictions, investment horizon and guidelines which will allow the management to evaluate each potential investment through the exercise of due diligence and based on the consideration of factors such as:

(a) projected rate of return;

(b) the projected investment capital involved;

(c) estimated profit margins;

(d) the type of securities or instruments proposed for investment;

(e) the underlying business and/or assets of the investment;

(f) the value of the proposed investment;

(g) its potential for increase in value;

(h) assessment of relevant risk factors associated with the specific potential investment;

(i) the borrowing costs involved (where applicable); and

(j) prevailing local and general market conditions.

Investments above an internally-determined threshold such as S$5 million (or any other threshold as may be determined by the Audit and Risk Management Committee) must be specifically and jointly approved by the Audit and Risk Management Committee. Where necessary, the Board and/or the Audit and Risk Management Committee may seek the advice of reputable financial advisors and/or other experts.

The Audit and Risk Management Committee will also be tasked to approve any investment that may result in a potential or actual conflict of interest between the Company and the Directors and/or controlling shareholder of the Company.

The Audit and Risk Management Committee will also regularly review the risk exposure of the Group at least annually.

As at the Latest Practicable Date, the Audit and Risk Management Committee comprises Mr Basil Chan (chairman), Mr Chan Yu Meng, Mr Tao Yeoh Chi and Mr Teh Wing Kwan.

4.3. Disclosure of Financial Results of New Businesses

The Investment Business will be accounted for as a new business segment in the Group's financial statements in line with the FRS and accordingly, the Group will disclose the financials results of the Investment Business with the Group's financial statements. The financial results of the Investment Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Catalist Rules. In these periodic announcements, the Group may provide segmented financial results relating to the Investment Business where appropriate or if required under any applicable accounting standards.

5. THE RIGHTS CUM WARRANTS ISSUE

5.1. Introduction

On 27 July 2015, the Company announced the Rights cum Warrants Issue. On 8 October 2015, the Company announced that the exercise period of the Warrants shall be extended from one (1) year to five (5) years. In the Rights Announcements, it was stated that the Rights cum Warrants Issue is subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM to be convened.

The Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis

5.2. Overview of the Rights cum Warrants Issue

The Company is offering to Entitled Shareholders up to 1,998,327,125 Rights Shares at the Issue Price of S$0.03 per Rights Share and up to 1,998,327,125 free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) Exercised Share at the Exercise Price of S$0.03 per Exercised Share, on the basis of five (5) Rights Shares for every one (1) existing Share held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, and one (1) Warrant for every one (1) Rights Share subscribed.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue (the "**Excess Rights Shares with Warrants**").

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with Warrants to allot to each application, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority. The Company will also not make any allotment and issue of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares with Warrants are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares with Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares with Warrants.

The Rights cum Warrants Issue is renounceable and Entitled Shareholders who do not wish to subscribe for the Rights Shares with Warrants may sell their Rights during the Rights trading period.

After taking into consideration the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis. The Company has received the Undertakings from the Undertaking Shareholders that they will, *inter alia*, irrevocably subscribe and pay in full for, and/or procure the subscription and payment in full for, their aggregate entitlements to 245,000,000 Rights Shares with Warrants. The details of the Undertakings are set out in Section 5.10 of this Circular.

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its *pro-rata* Rights Shares with Warrants entitlement and/or apply for Excess Rights Shares with Warrants) to avoid placing the relevant Substantial Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

5.3. Size of the Rights cum Warrants Issue

As at the Latest Practicable Date, the existing share capital of the Company comprises 300,295,850 Shares. The Company may issue up to 3,996,654,250 new Shares under the Rights cum Warrants Issue comprising (a) 1,998,327,125 Rights Shares and (b) 1,998,327,125 new Shares arising from the exercise of 1,998,327,125 Warrants. The aforementioned scenario (being the Maximum Issue Size under the Rights cum Warrants Issue) is based on the following assumptions:

(i) all of the 7,115,833 piggyback warrants and 33,626,871 bonus warrants (issued pursuant to the warrants issue announced by the Company on 6 August 2013) outstanding as at the Latest Practicable Date and all the 33,626,871 piggyback warrants to be issued pursuant to the exercise of the aforesaid 33,626,871 bonus warrants are exercised prior to the Books Closure Date;

(ii) Mr Chan Heng Fai (the Executive Director, Chief Executive Officer and a controlling shareholder of the Company) and HBD do not exercise any of their interest in 2,217,391 piggyback warrants and 25,904,781 bonus warrants;

(iii) all the outstanding share options issued by the Company have not been exercised, under the terms of their issue, into Shares; and

(iv) of the Exchangeable Notes, S$1,500,000 in aggregate principal amount of Exchangeable Notes are exchanged into Shares. The remaining S$3,500,000 in aggregate principal amount of Exchangeable Notes which are held by HBD will not be exchanged into Shares.

5.4. Principal Terms of the Rights Shares

Number of Rights Shares	:	Up to 1,998,327,125 Rights Shares (with up to 1,998,327,125 free detachable Warrants).
Basis of Provisional Allotment	:	The Rights cum Warrants Issue is made on a renounceable basis to Entitled Shareholders on the basis of five (5) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, and one (1) Warrant given for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.
Issue Price	:	S$0.03 for each Rights Share, payable in full upon acceptance and/or application.
Eligibility to Participate	:	Please refer to Section 5.7 entitled "Eligibility of Shareholders to Participate in the Rights cum Warrants Issue" of this Circular.
Status of the Rights Shares	:	The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
Listing of the Rights Shares	:	The Company will be making an application through its Sponsor to the SGX-ST for the listing of and quotation of the Rights Shares. An appropriate announcement will be made by the Company upon the receipt of the listing and quotation notice including the conditions that may be required to be fulfilled.

Trading of the Rights Shares	:	Upon the listing and quotation of the Rights Shares on the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot of Shares will comprise of 100 Shares.
Non-underwritten	:	The Rights cum Warrants Issue is not underwritten. However, the Undertaking Shareholders have given the Undertakings that they will, *inter alia*, irrevocably subscribe and pay in full for, and/or procure the subscription and payment in full for, their aggregate entitlements of 245,000,000 Rights Shares with Warrants. The details of the Undertakings are set out in Section 5.10 of this Circular. In view of the Undertakings and taking into consideration the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis. The Rights cum Warrants Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules
Acceptance and Excess Application	:	Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of Rights Shares on Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy Excess Applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and that Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.
Scaling Down	:	Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its *pro-rata* Rights Shares with Warrants entitlement) to avoid placing the relevant Substantial Shareholder in the position

of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares with Warrants entitlement fully.

Governing Law : Laws of the Republic of Singapore.

5.5. Principal Terms of the Warrants

Number of Warrants : Up to 1,998,327,125 Warrants to be issued free together with the Rights Shares

Basis of allotment : One (1) free detachable Warrant with every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

Detachability and trading : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system upon the listing and quotation of the Warrants on the SGX-ST, subject to, *inter alia*, an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

Listing of the Warrants and the Exercised Shares : The Company will be making an application through its Sponsor to the SGX-ST for the listing of and quotation of the Warrants and the Exercised Shares. An appropriate announcement will be made by the Company upon the receipt of the listing and quotation notice including the conditions that may be required to be fulfilled.

However, it should be noted that the Warrants may not be listed and quoted on the SGX-ST if there is an insufficient spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. In such event, Warrantholders will not be able to trade their Warrants on the SGX-ST.

Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants as set out in the Deed Poll, each Warrant shall entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) new Share at the Exercise Price in force on the relevant date of exercise of the Warrants.

Exercise Price : S$0.03 for each Exercised Share on the exercise of a Warrant.

Exercise Period : The Warrants may be exercised at any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the date immediately preceding the fifth anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warrantholders of the Company is closed or is not a Market Day, in which event the Exercise Period shall end on the date prior to the closure of the

Register of Members or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to the Warrantholders in accordance with the conditions set out in the Deed Poll and an announcement will be made. In particular, the Company shall take reasonable steps to notify the Warrantholders in writing of the expiry of the Exercise Period and such notice shall be delivered by post to the addresses of the Warrantholders as recorded in the register to be maintained by the Warrant Agent or in the case of Warrantholders whose Warrants are registered in the name of the Central Depository (Pte) Limited, their addresses as shown in the records of the same.

Mode of payment for exercise of Warrants : Warrantholders who exercise their Warrants must pay the Exercise Price by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the Exercise Price payable in respect of the Warrants exercised.

Adjustments : The Exercise Price and the number of Warrants to be held by each Warrantholder will be subjected to adjustments under certain circumstances provided for in the terms and conditions of the Warrants as set out in the Deed Poll.

Such circumstances include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues, bonus issues and certain capital distributions.

Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.

Status of Exercised Shares : The Exercised Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the Record Date for which falls before the date of exercise of the Warrants.

Modifications of Rights of Warrantholders : The Company may, without the consent of the Warrantholders but in accordance with the terms and conditions of the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants, which,

in the opinion of the Company, (i) is not materially prejudicial to the interests of the Warrantholders or is of a formal, technical or minor nature; (ii) is to correct a manifest error or to comply with mandatory provisions of Singapore law; or (iii) is to vary or replace provisions relating to the transfer or exercise of the Warrants, including the issue of Exercised Shares arising from the exercise thereof or meetings of Warrantholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.

Any such modification shall be binding on all Warrantholders and all persons having an interest in the Warrants and shall be notified to them in accordance with the terms and conditions of the Warrants as set out in the Deed Poll, as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration in the terms and conditions of the Warrants to the advantage of the Warrantholders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

For the avoidance of doubt, the Company may not extend the Exercise Period of an existing Warrant or issue a new Warrant to replace an existing Warrant.

Transfer and transmission : The Warrants shall be transferable in lots entitling Warrantholders to subscribe for whole numbers of Exercised Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants set out in the Deed Poll including, *inter alia*, the following:

(a) Lodgement of Certificates and Transfer Forms – a Warrantholder whose Warrants are registered in his own name (the "**Transferor**") shall lodge, during normal business hours on any Business Day so as to be received at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with an instrument of transfer (the "**Transfer Form**") duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll provided that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to it;

(b) Deceased Warrantholder – the executors and administrators of a deceased Warrantholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders whose Warrants are registered otherwise than in the name

of CDP) or if the Warrantholder is CDP, of a deceased Depositor, and, in the case of one or more of several such joint Warrantholders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of the fees and expenses set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased holder could have made;

(c) Warrants registered in the name of CDP – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry; and

(d) Effective Date of Transfer – A Transferor or Depositor, as the case may be, shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register of Warrantholders by the Warrant Agent or the Depository Register by CDP, as the case may be.

Winding-up : Where there is a member's voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them, shall have approved by way of a special resolution passed at a meeting of the Warrantholders duly convened and held in accordance with the provisions contained in the Deed Poll by a majority consisting of not less than three-fourths of the votes cast thereon, the terms of such scheme of arrangement shall be binding on all the Warrantholders and all persons having an interest in the Warrants.

If notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warrantholder shall be entitled, no later than two (2) business days, being days (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks in Singapore, the SGX-ST, the CDP and the Warrant Agent are open for business, prior to the proposed general meeting, by irrevocable surrender of his Warrant certificate(s) to the Company with the notice for the exercise of the Warrants duly completed, together with all relevant payments payable, to elect to be treated as if he had exercised the Warrants to the extent of the number of Warrants exercised and had on such date been the holder of the Exercised Shares. The Exercised Shares will be

allotted to such Warrantholder as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which are not exercised shall lapse and cease to be valid for any purpose.

Further issues : Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit but the Warrantholders shall not have any participation rights in such further issues of Shares or subscription rights unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd.

Governing Law : Laws of the Republic of Singapore

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights cum Warrants Issue at the EGM.

5.6. Conditions for the Rights cum Warrants Issue

Shareholders should note that the Rights cum Warrants Issue is subject to, *inter alia*, the following conditions:

(a) Shareholders' approval for the proposed Rights cum Warrants Issue being obtained at the EGM;

(b) The receipt of the listing and quotation notice from the SGX-ST approving the dealing in, listing of and quotation of the Rights Shares, the Warrants, the Exercised Shares on the Catalist of SGX-ST and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company ; and

(c) The lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST acting as agent on behalf of the Authority.

The Offer Information Statement will also be lodged with the SGX-ST and despatched to Entitled Shareholders in due course after, *inter alia*, obtaining the listing and quotation notice from the SGX-ST approving the dealing in, listing of and quotation of the Rights Shares, the Warrants and the Exercised Shares on the SGX Catalist.

In the event that any of the above conditions are not satisfied, the Rights cum Warrants Issue will not be given effect to.

5.7. Eligibility of Shareholders to participate in the Rights cum Warrants Issue

Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and other accompanying documents at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or trade on Catalist during the provisional allotment trading period prescribed by the SGX-ST, in full or in part their provisional allotments of Rights Shares with Warrants and are eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. For avoidance of doubt, only Entitled Shareholders (and not the purchasers of the renounces) shall be entitled to apply for additional Rights Shares with Warrants in excess of their provisional allotments.

All dealings in, and transactions of, the provisional allotments of Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that they must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they must provide CDP, at 9 North Buona Vista Drive, #1-19/20 The Metropolis, Singapore 138588, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

Entitled Scripholders

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses with the Company. Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5.00 p.m. on the date being three (3) Market Days before the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative,

being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. No provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the **"Foreign Purchasers"**). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares with Warrants renounced to him. The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants and/or any application for excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptance or application may violate the applicable legislation of any jurisdiction.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Exercised Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Warrants and/or applications for excess Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may by 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provide to CDP or the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, as the case may be, addresses in Singapore for the service of notices and documents.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares with Warrants commence and the net proceeds therefrom will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company for the Rights cum Warrants Issue.

If such provisional allotments of Rights Shares with Warrants cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be used to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/ or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/ or sale of the provisional allotments of the Rights Shares with Warrants and for Excess Application for the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

5.8. Rationale of the Rights cum Warrants Issue and Use of Proceeds

Previous fund raising exercises undertook by the Company

(i) Rights Issue of bonus warrants and piggyback warrants

In January 2014, the Company completed a rights issue of bonus warrants and piggyback warrants. The bonus warrants were issued free carrying the right to subscribe for one (1) new Share at an exercise price of S$0.01 for each new Share. The piggyback warrants were issued free on the basis of one (1) piggyback warrant issued for every one (1) bonus warrant validly exercised, and carried the right to subscribe for one (1) new Share at an exercise price of S$0.011 for each new Share.

Rights Issue of bonus warrants and piggyback warrants – January 2014

Amount raised:	S$11.04 million
Use of proceeds:	
Property Development Business	S$5.46 million
General Working Capital	S$0.85 million
Discharge of obligations under the Group's legacy Construction Business	S$4.73 million
Total:	S$11.04 million

For details on the use of proceeds from the rights issue of bonus warrants and piggyback warrants, please refer to the Company's announcements dated 12 February 2014, 20 March 2014, 27 March 2014, 2 April 2014 and 4 April 2014.

(ii) Issue of Exchangeable Notes

On 24 February 2014, the Group completed the issue of the Exchangeable Notes amounting to an aggregate principal amount of S$5,000,000. The Company raised approximately S$4.84 million from the issue of the Exchangeable Notes.

Exchangeable Notes – February 2014

Amount raised:	S$4.84 million
Use of proceeds:	
Property Development Business	S$0.89 million
General Working Capital	S$3.95 million
Total:	S$4.84 million

For details on the use of proceeds from the Exchangeable Notes, please refer to the Company's announcements dated 15 July 2014.

(iii) Rights Issue of Shares in 2014

The Company undertook a rights issue exercise in 2014 (the "**2014 Rights Issue**"), the terms and conditions of which were contained in the Company's offer information statement dated 26 August 2014. The 2014 Rights Issue was completed in September 2014. The Company raised approximately S$40,642,000 from the 2014 Rights Issue.

2014 Rights Issue – September 2014

Amount raised:	S$40.64 million
Use of proceeds:	
Property Development Business	S$17.65 million
Information Technology Business	S$4.32 million
Investment Business	S$0.65 million
Discharge of obligations under the Group's legacy Construction Business	S$10.64 million
Total:	S$39.95 million
Remaining amount:	S$0.69 million

For details on the use of proceeds from the 2014 Rights Issue, please refer to the Company's announcements dated 30 December 2014, 27 February 2015, 28 May 2015, 21 July 2015 and 20 October 2015.

(iv) Issue of Private Bond

On 20 May 2015, the Company issued a profit-participating private bond (the "**Private Bond**") maturing in 2017 to Ms Camielle Fan as the bond subscriber. Proceeds of US$2 million were raised from the issue of the Private Bond and were intended for the purposes of the Group's property development projects in the United States of America.

As at the Latest Practicable Date, the proceeds from the Private Bond have not been utilised by the Company.

(v) Placement of Shares in 2015

The Company has also raised net proceeds of S$1,165,000 ("**Placement Issue Proceeds**") from the placement of 15,000,000 shares in June 2015 for its general working capital.

As at the Latest Practicable Date, the amount of unutilised balance from the Placement Issue Proceeds is S$879,000. For details on the use of Placement Issue Proceeds, please refer to the Company's announcement dated 20 October 2015.

Rationale of the Rights cum Warrants Issue

The Company intends to undertake the Rights cum Warrants Issue to strengthen its cash position and statement of financial position. The Company intends to use the Net Proceeds from the issuance of Rights Shares, *inter alia*, to finance its existing property development projects, develop its information technology products and services (i.e. HotApp), making investments within the expanded scope of the Investment Business, discharge its obligations under the legacy construction business and for general working capital purposes. The Directors believe that the proposed Rights cum Warrants Issue will strengthen the Group's balance sheet and provide flexibilities as the Group pursue its growth strategies.

Use of Proceeds from the Rights cum Warrants Issue

In the Maximum Scenario, the estimated net proceeds from the Rights cum Warrants issue will be approximately S$59.5million (if the Warrants are not yet exercised) or S$119.5 million (if the Warrants are fully exercised) after deducting estimated expenses of approximately S$400,000 incurred in connection with the Rights cum Warrants Issue.

In the Minimum Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S$7 million (if the Warrants are not yet exercised) or S$14.3 million (if the Warrants are fully exercised) after deducting estimated expenses of approximately S$400,000 incurred in connection with the Rights cum Warrants Issue.

In the Minimum Scenario and assuming no Warrant is yet exercised, the amount payable by the Undertaking Shareholders (i.e. Mr Chan Heng Fai and HBD) for the subscription of 245,000,000 Rights Shares with Warrants (amounting to S$7.35 million) will be set-off against an interest free loan of US$10.5 million advanced by HBD to the Company's wholly-owned subsidiary, SeD Home. For further details on the loan provided by HBD to SeD Home and the Undertakings, please refer to Section 5.9 and 5.10 of this Circular respectively. The Company has utilised the loan from HBD to finance the purchase of land for its Ballenger Run Project. In the event that the Warrants are exercised, the Net Proceeds amounting to S$7.35 million arising from the exercise will be utilised for existing projects in the Property Development Business.

The Directors are of the opinion that, after taking into consideration present bank facilities, the Net Proceeds (assuming Minimum Scenario) and other internal resources, the working capital available to the Group is sufficient to meet its present requirements.

Under the Maximum Scenario, the Net Proceeds from the Rights cum Warrants Issue of S$59.5 million (assuming that the Warrants are not yet exercised) and S$119.5 million (assuming that the Warrants are fully exercised) will be used towards the Group's Property Development Business, Information Technology Business, Investment Business, the discharge of obligations under the Group's legacy construction business and general working capital in the following proportion:

Use of Proceeds	**Percentage of Net Proceeds**
Property Development Business (existing projects)[(1)]	20%-60%
Property Development Business (redemption of liabilities and new projects)[(2)]	0%-20%
Information Technology Business (existing projects)[(3)]	10%-25%
Information Technology Business (new projects)[(4)]	0%-25%
Investment Business[(5)]	4%-30%
Discharge of obligations under the Group's legacy Construction Business[(6)]	3%-5%
General working capital	5%-15%
Total	100.0%

Notes:

(1) In relation to its Property Development Business (existing projects), the Group intends to deploy the Net Proceeds to finance its existing property development projects such as Black Oak Project, Ballenger Run Project, Mandurah Project and redevelopment of tenanted single-family homes in the USA. This will also include repayment of any bridging loan obtained by the Group from financial institutions and/or its directors or shareholders for the purpose of financing its existing projects.

(2) In relation to its Property Development Business (redemption of liabilities and new projects), the Group intends to deploy the Net Proceeds to redeem the Exchangeable Notes and to invest in new project opportunities.

(3) In relation to its Information Technology Business (existing projects), the Group intends to deploy the Net Proceeds to develop and market its existing products and services (i.e. HotApp) and also to acquire or invest in technologies or companies which complement or enhance its existing products and services.

(4) In relation to its Information Technology Business (new projects), the Group intends to deploy the Net Proceeds to invest in new project opportunities or to develop new products and services.

(5) In relation to its Investment Business, subject to the Shareholders' approval of the Proposed Expansion at the EGM, the Group intends to deploy the Net Proceeds to pursue investment opportunities within the scope of the expanded Investment Business.

(6) The Group intends to deploy the Net Proceeds to discharge its obligations under its legacy construction business in relation to (i) outstanding payment to be made under a settlement agreement; and (ii) outstanding legacy corporate indemnities as and when such obligations crystallise.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem appropriate in the interests of the Group.

The Company believes that the Issue Price of S$0.03 for each Rights Share is attractive considering that each Rights Share comes with a Warrant with a 5-years exercise period.

In the reasonable opinion of the Directors, there is no minimum amount that needs to be raised from the Rights cum Warrants Issue taking into consideration the intended use of proceeds.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

In deciding to undertake this Rights cum Warrants Issue, the Board had taken into consideration the nature of the Group's current and proposed business, the funding requirements, the fund raising exercises over the past two (2) years prior to the date of the Rights Announcement, the use of proceeds from those fund raising exercises, the shareholder loan from Mr Chan Heng Fai (please refer to Section 5.9 of this Circular for further details on the shareholder loan from Mr Chan Heng Fai) and the balance proceeds remaining.

The Company will make periodic announcements and subsequently provide a status report in the Company's half and full year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report on the utilisation of the proceeds of the Rights cum Warrants Issue, as and when the proceeds from the Rights cum Warrants Issue are materially disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements and in the status reports.

5.9. Shareholder Loan

On 24 August 2015, the Company announced that the Company entered into a loan agreement dated 21 August 2015 with its wholly-owned subsidiary, SeD Home, Inc. ("**SeD Home**") and HBD (the "**Loan Agreement**"). Pursuant to the Loan Agreement, HBD has agreed to grant an interest-free loan facility of up to US$15,000,000 to SeD Home.

As at the Latest Practicable Date, HBD had provided an interest-free loan to SeD Home amounting to US$10.5 million pursuant to the Loan Agreement

Pursuant to the terms of the Loan Agreement, HBD may elect, acting in its absolute discretion, for SeD Home and/or the Company to repay or satisfy all or any part of the outstanding amounts disbursed under the loan facility (the "**Loan**") by any combination of the following methods, provided always that all regulatory requirements including but not limited to the Catalist Rules and the Take-Over Code, and with the requirement of the approval of the Shareholders (if necessary) are complied with:

(i) Cash repayment in immediately available funds; and/or

(ii) Set off against any consideration payable by HBD and/or its nominees for the subscription of Shares pursuant to the proposed Rights cum Warrants Issue; and/or

(iii) Set off against any consideration payable by HBD and/or its nominees:

a. to SeD Home for the issuance of new shares of SeD Home ("**SeD Home Shares**") to HBD and/or its nominees at the issue price based on the net asset value of SeD Home; and/or

b. to the Company for the transfer of existing SeD Home Shares at the consideration based on the net asset value of SeD Home.

5.10. Undertakings

The Rights cum Warrants Issue will be supported by certain Substantial Shareholders of the Company, namely Mr Chan Heng Fai, who is an Executive Director and Chief Executive Officer of the Company and HBD (collectively, the "**Undertaking Shareholders**"). As at the Latest Practicable Date, Mr Chan Heng Fai directly holds 46,750,000 Shares, and is also a company director who holds 100% of the issued and paid-up share capital of HBD. As such, Mr Chan Heng Fai is deemed interested in the 38,250,000 Shares that HBD holds.

To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to and confidence in the prospects of the Group, the Undertaking Shareholders have given the Undertakings, pursuant to which they each have irrevocably undertaken to the Company that, *inter alia*:

(a) They will apply and subscribe for and/or procure applications and subscriptions for and pay for and/or procure the payment for 245,000,000 Rights Shares under the proposed Rights cum Warrants Issue;

(b) They shall not, without the prior written consent of the Company, sell, transfer or otherwise dispose of all or any of their legal or beneficial interest in the Shares it currently legally and beneficially owns prior to the Books Closure Date;

(c) They shall procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents as may be necessary and/or pursuant to any requirements of the SGX-ST, the Authority, the Accounting and Corporate Regulatory Authority, the Securities Industry Council and/or any other regulatory authorities in Singapore, (in each case) in relation to the Rights cum Warrants Issue and all the matters set out in paragraphs (a) to (b) above; and

(d) They shall indemnify and hold harmless the Company from and against any and all losses, liabilities, damages, costs, charges, expenses (including legal fees on a full indemnity basis) and taxes, claims, actions, demands or judgment which are suffered or incurred by or which are instituted, made or alleged against the Company by reason of or in connection with any breach or default of their obligations set out in paragraphs (a) to (b) above (excluding any breach or default of their obligations in paragraph (c) above which has been rectified within three (3) business days from the date of written notification of such breach or default to them), and shall pay to the Company on demand an amount equal to all costs, charges and expenses (including legal fees on a full indemnity basis) which the Company may pay or incur in connection with investigating, disputing or defending any such claims or losses (whether actual, pending or threatened and whether or not the Company is or may be a party to any such claims)

The Undertakings are conditional upon the following:

(a) The Whitewash Waiver granted by the SIC on 5 October 2015 not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue;

(b) The Rights cum Warrants Issue, including the allotment and issue of the Rights Shares with Warrants, being approved by Shareholders at the EGM;

(c) The Whitewash Resolution being approved by the Independent Shareholders at the EGM;

(d) The receipt of the listing and quotation notice from the SGX-ST approving the dealing in, listing of and quotation of the Rights Shares, the Warrants and the Exercised Shares on the SGX Catalist and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants; and

(e) The lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the SGX-ST acting as agent on behalf of MAS.

(collectively the "**Undertaking Conditions**").

The Undertakings shall terminate (i) if the Company decides not to proceed with the Rights cum Warrants Issue and upon the release of an announcement by the Company through SGXNET of such decision and (ii) upon the non-fulfilment of any of the Undertaking Conditions on the date of such non-fulfilment.

Pursuant to the Undertakings, Mr Chan Heng Fai and/or HBD has also irrevocably undertaken to the Company to procure the set-off of the amounts payable by SeD Home under the Loan Agreement against the aggregate amounts of S$7.35 million payable by the Undertaking Shareholders to the Company for the subscription of 245,000,000 Rights Shares with Warrants. As at the Latest Practicable Date, HBD had provided an interest-free loan to SeD Home amounting to US$10.5 million pursuant to the Loan Agreement.

5.11. Books Closure Date

Subject to the Shareholders' approval of the Rights cum Warrants Issue at the EGM and the receipt of the listing and quotation notice from SGX, the Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights cum Warrants Issue will be announced at a later date.

5.12. Financial Information of the Group

The financial statements of the Group (the consolidated statements of income, financial position and cash flow) and the working capital position for FY2012, FY2013, FY2014 and HY2015 as well as the review thereof, are set out under Appendix I – "Financial Information of the Group" of this Circular.

5.13. Financial Effects of the Rights cum Warrants Issue

The financial effects of the Rights cum Warrants Issue assuming the Maximum Issue Size presented herein:

(a) are for illustrative purposes only and are not a projection of the actual future financial performance or financial position of the Group immediately after the completion of the Rights cum Warrants Issue;

(b) are based on the audited consolidated financial statements of the Group in FY2014;

(c) assume that there is no return earned from the Net Proceeds;

(d) assume that the new shares issued post 31 December 2014 up to Last Practicable Date arising from the exercise of the Bonus and Piggyback Warrants were issued on 31 December 2014 for computing the financial effects on NTA and gearing and 1 January 2014 for loss per share ("**LPS**"), respectively;

(e) assume that the Rights cum Warrants Issue was completed on 31 December 2014 for the purposes of computing the financial effects on the share capital, NTA and gearing;

(f) assume that the Rights cum Warrants Issue was completed on 1 January 2014 as the case may be, for the purposes of computing the financial effects on the LPS; and

(g) are based on the private placement completed on 20 July 2015 of 15 million Shares at S$0.081 each.

Share Capital

The effect of the Rights cum Warrants Issue on the share capital of the Company as at the Latest Practicable Date assuming the Maximum Issue Size is as follows:

	Number of Shares	S$'000
Issued Share Capital as at 31 December 2014	285,295,850	67,359
Private placement issue of 15 million shares at S$0.081 each	15,000,000	1,165
Existing Share Capital	300,295,850	68,524
Add: New Shares rising from the conversion of Bonus and Piggyback Warrants	74,369,575	18,948
Add: New Shares rising from the conversion of exchangeable notes (S$1.5 million)	25,000,000	1,500
Issued Share Capital before the issue of Rights Shares	399,665,425	88,972
Add: Rights Shares to be issued	1,998,327,125	59,550
Issued Share Capital after the issuance of the Rights Shares	2,397,992,550	148,522
Add: New Shares rising from the conversion of Warrants	1,998,327,125	59,950
Enlarged share capital after the Rights cum Warrants Issue upon exercise of all the Warrants	4,396,319,675	208,472

NTA

The effect of the Rights cum Warrants Issue on the NTA of the Group based on the consolidated statement of financial position as at FY2014 assuming the Maximum Issue Size is as follows:

Before the Rights cum Warrants Issue	
NTA as at FY2014 (S$'000)	21,688
Proforma adjustments	
- proceeds from private placement	1,165
- proceeds from exercises of Bonus & Piggyback Warrants	18,948
- exchange of S$1.5 million of exchangeable notes	1,500
Adjusted NTA	43,301
Number of Shares in issue as at FY2014	285,295,850
Adjusted Number of Shares in issues	399,665,425
NTA per Share before issue of the Rights Shares (S$ cents)	10.8
After the issue of the Rights Shares	
Add: Net proceeds from the issue of the Rights Shares (S$'000)	59,550
NTA after the issue of the Rights Shares (S$'000)	102,851
Number of Shares after the issue of the Rights Shares	2,397,992,550
NTA per Share after the issue of the Rights Shares (S$ cents)	**4.29**
NTA after the issue of the Rights Shares and the exercise of the Warrants (S$'000)	162,801
Number of Shares after the issue of the Rights Shares and the exercise of the Warrants	4,396,319,675
NTA per Share after the issue of the Rights Shares and the exercise of the Warrants (S$ cents)	3.7

LPS

The enlarged share capital of the Company following the Rights cum Warrants Issue may have a dilutive effect on the LPS in the event future earnings do not increase to a level that is commensurate with the earnings dilution arising from the enlarged share capital of the Company. The future effect of the Rights cum Warrants Issue on the Group's earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of Rights Shares and is not determinable at this point in time.

The effect of the Rights cum Warrants Issue on the LPS of the Group based on the consolidated income statement for FY2014 is as follows:

Loss attributable to Shareholders for FY2014 (S$'000)	(20,730)
Weighted Average Number of Shares in FY2014 per audited accounts	92,288,000
Add: number of shares issued pursuant to	
1) private placement of 15 million shares	15,000,000
2) exercise of Warrants up to Latest Practicable Date and Outstanding Warrants	74,369,575
3) exchange of S$1.5 million exchangeable notes up to Last Practicable Date	25,000,000
Weighted Average Number of Shares prior to Issue of Rights Shares	**206,657,575**
Add: Number of Rights Shares to be issued	1,998,327,125
Weighted Average Number of Shares after the issue of the Rights Shares	**2,204,984,700**
Add: Number of Shares from exercise of Warrants	1,998,327,125
Weighted Average Number of Shares after the issue of the Rights Shares and the exercise of all the Warrants	**4,203,311,825**
LPS for FY2014 per audited accounts (S$ cents)	(22.46)
Adjusted LPS for FY2014 (before the issue of Rights Shares) (S$ cents)[1]	(10.03)
Adjusted LPS after adjusting for the issue of the Rights Shares (S$ cents)[2]	(0.94)
Adjusted LPS after adjusting for the issue of the Rights Shares and the exercise of all the Warrants (S$ cents)[1]	(0.49)

Notes:

(1) The adjusted LPS (before the issue of Rights Shares) was calculated on the assumption that the shares, pursuant to private placement, exercise of Warrants and exchange of S$1.5 million exchangeable notes, were issued at the beginning of FY2014 and added to the weighted average number of Shares in issue in FY2014. It is also assumed that the consideration from the issue of these shares has no impact on the profit attributable to Shareholders for FY2014.

(2) The adjusted LPS after adjusting for the issue of Rights Shares and for the issue of Right Shares and exercise of Warrants was calculated on the assumption that the Right Shares were in issue and the Warrants were exercised at the beginning of FY2014 and added to the weighted average number of Shares prior to issue of Rights Shares. It is also assumed that the consideration from the issue of Rights Shares and exercise of Warrants has no impact on the profit attributable to Shareholders for FY2014.

Gearing

The effect of the Rights cum Warrants Issue on the gearing of the Group, based on the consolidated financial statements of the Group as at FY2014 assuming the Maximum Issue Size is as set out below.

Total borrowings[(1)] as at FY2014 (S$'000)	17,725
Shareholders' funds[(2)] as at FY2014	21,800
Total capital[(3)] as at FY2014	39,525
Gearing as at FY2014 (times)[(4)]	0.45
Add: Net proceeds from the issue of the Rights Shares (S$'000)	59,550
Total capital[(3)] after the issue of the Rights Shares	99,075
Gearing after the issue of the Rights Shares (times)[(4)]	0.18
Add: Net proceeds from the exercise of all the Warrants (S$'000)	59,950
Total capital[(3)] after the exercise of all the Warrants	159,025
Gearing after the exercise of all the Warrants (times)[(4)]	0.11

Notes:

(1) "Total borrowings" mean the amount of liabilities arising from all the borrowings from banks and other financial institutions.

(2) "Shareholders' funds" means the aggregate of the issued share capital, accumulated losses and other reserves of the Group.

(3) "Total capital" is computed based on Shareholders' funds plus total borrowings.

(4) "Gearing" means the ratio of the Group's total borrowings to total capital.

6. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue can only be made on the following (all of which will form part of the Offer Information Statement):

(a) the PAL, in the case of Entitled Scripholders;

(b) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and

(c) the ARS or through the ATMs of the participating banks, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

7. THE WHITEWASH RESOLUTION IN RELATION TO THE RIGHTS CUM WARRANTS ISSUE

7.1. Interests of Mr Chan Heng Fai and HBD

As at the Latest Practicable Date, the interests of Mr Chan Heng Fai and HBD in the Company were as follows:

	No. of Shares held	% of issued share capital
Mr Chan Heng Fai	46,750,000	15.6%
Hengfai Business Development Pte Ltd[(1)]	38,250,000	12.7%
Total[(2)]	85,000,000	28.3%

Notes:

(1) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD.

(2) As at the Latest Practicable Date, Mr Chan Heng Fai and HBD also hold 25,904,781 bonus warrants, 2,217,391 piggyback warrants, 1,061,333 share options and 14 Exchangeable Notes, each with a principal amount of S$250,000 and exchangeable into 58,333,333 Shares, subject to anti-dilution and adjustment provisions.

7.2. Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, where any person acquires, whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company, he is required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control.

Mr Chan Heng Fai and HBD have undertaken to subscribe for 245,000,000 Rights Shares with Warrants pursuant to the Undertakings. Details of the Undertakings can be found in Section 5.10 of this Circular.

To evaluate the likelihood of the Concert Party Group holding 30% or more of the voting rights of the Company **("30% Threshold")** as a result of the Rights cum Warrants Issue, an analysis of the shareholding interest of the Concert Party Group is set below for illustration purposes only. The analysis will include a maximum and a minimum scenario based on the following assumptions:

(a) **Maximum Scenario**. This scenario assumes the following: (i) the Maximum Issue Size and (ii) there is a full subscription for all the Rights Shares with Warrants including subscription by the Concert Party Group of their Rights Shares with Warrants entitlement;

(b) **Minimum Scenario**. This scenario assumes the following: (i) the Maximum Issue Size but (ii) none of the Shareholders (other than the Concert Party Group) subscribes for any of their Rights Shares with Warrants entitlement; and (iii) the Concert Party Group subscribes for their 245,000,000 Rights Shares with Warrants entitlement.

	Shareholding interest of CHF and HBD (collectively) in the Company's enlarged issued share capital								
	Before the Rights cum Warrants Issue			After the Rights cum Warrants Issue but before any exercise of the Warrants by CHF and HBD			After exercise by CHF & HBD of all of their Warrants		
	No. Of Share	Shares Capital based on the Maximum Issue Size Assumptions taking place	%	No. Of Shares	Enlarged Share Capital	%	No. Of Shares	Enlarged Share Capital	%
Maximum Scenario	85,000,000	399,665,425	21.3%(1)	510,000,000	2,397,992,550	21.3%	935,000,000	2,822,992,550	33.1%
Minimum Scenario	85,000,000	399,665,425	21.3%(1)	330,000,000	644,665,425	51.2%	575,000,000	889,665,425	64.6%

Note:

(1) Assuming the Maximum Issue Size, shareholding of the Concert Party Group will be diluted to 21.3% before the Rights cum Warrants Issue.

As illustrated above:

(a) Under the Maximum Scenario, the Concert Party Group's shareholding shall remain at 21.3% immediately after completion of the Rights cum Warrants Issue. This is assuming that the Concert Party Group will subscribe to their full Rights Shares entitlement, notwithstanding they have undertaken to subscribe for 245,000,000 Rights Shares with Warrants.

(b) Under the Maximum Scenario, the Concert Party Group's shareholding may increase from 21.3% to 33.1% after the completion of the Rights cum Warrants Issue and the full exercise of the Warrants by Mr Chan Heng Fai and HBD.

(c) Under the Minimum Scenario, the Concert Party Group's shareholding may increase from 21.3% to 51.2% and exceed the 30% Threshold, immediately after completion of the Rights cum Warrants Issue.

(d) Under the Minimum Scenario, the Concert Party Group's shareholding may increase from 51.2% to 64.6%, after the completion of the Rights cum Warrants Issue and the full exercise of the Warrants by Mr Chan Heng Fai and HBD.

In the event that the Concert Party Group crosses the 30% Threshold, the Concert Party Group will incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the SIC.

Accordingly, an application was made by the Company to the SIC for, *inter alia*, a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of their subscription of 245,000,000 Rights Shares with Warrants under the Rights cum Warrants Issue and acquisition of Exercised Shares pursuant to the exercise of the 245,000,000 Warrants. On 5 October 2015, the SIC granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions set out in Section 7.4 of this Circular.

For the avoidance of doubt, the Whitewash Waiver granted by SIC only extend to the acquisition of 245,000,000 Rights Shares with Warrants by the Concert Party Group and the acquisition of further 245,000,000 Exercised Shares by the Concert Party Group arising from the exercise of the Warrants. In the event that the Concert Party Group subscribes for more than 245,000,000 Rights Shares with Warrants and crosses the 30% Threshold, the Concert party Group will incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Code.

7.3. Potential Dilution

As a result of the Rights cum Warrants Issue, the collective shareholding interests of Shareholders (other than the Concert Party Group) may be diluted from 78.7% down to 35.4% under the Minimum Scenario (assuming the full exercise of all Warrants by the Concert Party Group). Further details of the potential dilution (assuming Maximum Issue Size) are set out as follows:

Before the Rights cum Warrants Issue	**No. of Shares held**	**% of issued share capital[(1)]**
Concert Party Group[(1)]	85,000,000	21.3%%
- Mr Chan Heng Fai	46,750,000	11.7%
- HBD	38,250,000	9.6%
Other Shareholders	314,665,425	78.7%
Total	399,665,425	100%

Note:

(1) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD. As at the Latest Practicable Date, Mr Chan Heng Fai and HBD also hold 25,904,781 bonus warrants, 2,217,391 piggyback warrants, 1,061,333 share options and 14 Exchangeable Notes, each with a principal amount of S$250,000 and exchangeable into 58,333,333 Shares, subject to anti-dilution and adjustment provisions.

After the Rights cum Warrants Issue but before the exercise of Warrants	**Minimum Scenario**		**Maximum Scenario**	
	No. of Shares held	**% of issued share capital**	**No. of Shares held**	**% of issued share capital**
Concert Party Group	330,000,000	51.2%	510,000,000	21.3%
Mr Chan Heng Fai	46,750,000	7.3%	280,750,000	11.7%
HBD	283,250,000	43.9%	229,500,000	9.6%
Other Shareholders	314,665,425	48.8%	1,887,992,550	78.7%
Total	644,665,425	100.0%	2,397,992,550	100.0%

After the Rights cum Warrants Issue and exercise of Warrants by the Concert Party Group only	**Minimum Scenario**		**Maximum Scenario**	
	No. of Shares held	**% of issued share capital**	**No. of Shares held**	**% of issued share capital**
Concert Party Group	575,000,000	64.6%	935,000,000	33.1%
Mr Chan Heng Fai	46,750,000	5.3%	514,250,000	18.2%
HBD	528,250,000	59.4%	420,750,000	14.9%
Other Shareholders	314,665,425	35.4%	1,887,992,550	66.9%
Total	889,665,425	100.0%	2,822,992,550	100.0%

7.4. Whitewash Waiver

On 5 October 2015, the SIC waived the obligation for Mr Chan Heng Fai and HBD to make a mandatory general offer for the Company in the event that the combined shareholdings of Mr Chan Heng Fai and HBD or the shareholding of any member of the Concert Party Group exceeds 30% of the Company's enlarged issued share capital as a result of Mr Chan Heng Fai and HBD subscribing for 245,000,000 Rights Shares with Warrants, subject to the satisfaction of the following conditions:

(i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the 2015 Rights Shares, the Whitewash Resolution by way of a poll to waive their right to receive a general offer from Mr Chan Heng Fai and HBD;

(ii) the Whitewash Resolution is separate from other resolutions;

(iii) Mr Chan Heng Fai, HBD and their concert parties, as well as parties not independent of them abstain from voting on the Whitewash Resolution;

(iv) Mr Chan Heng Fai, HBD and their concert parties did not acquire and are not to acquire any shares in the Company or instruments convertible into and options in respect of shares in the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares in the Company which have been disclosed in this Circular):

  (a) during the period between the date of the Rights Announcements and the date shareholders' approval is obtained for the Whitewash Resolution; and

  (b) in the 6 months prior to the date of the Rights Announcements, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Rights cum Warrants Issue;

(v) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Whitewash Resolution;

(vi) the Company sets out clearly in this Circular to Shareholders:

  (a) details of the Rights cum Warrants Issue;

  (b) the possible dilution effect to existing holders of voting rights of the Company upon the subscription of the Rights Shares by Mr Chan Heng Fai and HBD;

  (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by Mr Chan Heng Fai, HBD and their concert parties as at the latest practicable date;

  (d) the number and percentage of voting rights to be issued to Mr Chan Heng Fai and HBD as a result of their subscription for the Rights Shares;

  (e) specific and prominent reference to the fact that the subscription by Mr Chan Heng Fai and HBD of the Rights Shares might result in Mr Chan Heng Fai, HBD and their concert parties holding shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital, and the fact that Mr Chan Heng Fai, HBD and their concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 to make a general offer;

  (f) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Mr Chan Heng Fai, HBD and their concert parties at the highest price paid by Mr Chan Heng Fai, HBD and their concert parties for the Company's shares in the past 6 months preceding the commencement of the offer;

(vii) this Circular by the Company to its shareholders states that the waiver granted by SIC to Mr Chan Heng Fai and HBD from the requirement to make a general offer under Rule 14 is subject to the conditions stated in sub-paragraphs (i) to (vi) above;

(viii) the Company obtains SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and

(ix) to rely on the Whitewash Resolution, the acquisition of the Rights Shares by Mr Chan Heng Fai and HBD must be completed within 3 months of the approval of the Whitewash Resolution.

Save for the conditions set out in (i), (iii) and (ix) above, all the other SIC Conditions set out above have been satisfied.

7.5. Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution (Ordinary Resolution 3) set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by them.

Shareholders should note that the passing of the Whitewash Resolution (Ordinary Resolution 3) is conditional upon the passing of the ordinary resolution in relation to the Rights cum Warrants Issue (Ordinary Resolution 2). As such, if the ordinary resolution in relation to the Rights cum Warrants Issue is not passed, the Whitewash Resolution will not be carried out.

7.6. Advice to Independent Shareholders

Independent Shareholders should note that:

(a) by voting in favour of the Whitewash Resolution (Ordinary Resolution 3), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group and their concert parties in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and

(b) that the acquisition of the 245,000,000 Rights Shares with Warrants by the Concert Party Group and acquisition of the Exercised Shares by the Concert Party Group pursuant to the exercise of the Warrants might result in the Concert Party Group and their concert parties carrying over 49% of the voting rights of the Company based on its enlarged issued capital and that the Concert Party Group and their concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer.

7.7. Advice from Independent Financial Adviser

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Whitewash Resolution.

The IFA Letter for the Whitewash Resolution to the Recommending Directors in respect of the Whitewash Resolution dated 16 November 2015 is reproduced in Appendix II of this Circular.

The following is an extract from Section 8 of the IFA Letter to the Recommending Directors and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

"In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) rationale for the Proposed Rights cum Warrants Issue and the use of proceeds;

(b) the Rights Shares cum 2015 Warrants being offered to all entitled Shareholders on a pro-rata basis;

(c) assessment of the Issue Price of the Rights Shares and the terms of the 2015 Warrants;

(d) financial effects of the Proposed Rights cum Warrants Issue;

(e) dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders;

(f) the Proposed Rights cum Warrants Issue is not conditional upon the Proposed Whitewash Resolution;

(g) Mr Chan remains as the key driver of the Company; and

(h) support from the Concert Party Group for the Proposed Rights cum Warrants Issue.

Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the Proposed Whitewash Resolution, when considered in the context of the Proposed Rights cum Warrants Issue, is fair and reasonable, and is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution."

Shareholders are advised to read and consider the IFA Letter for the Whitewash Resolution in its entirety as reproduced in Appendix II of this Circular and consider carefully the recommendations of the Recommending Directors for the Whitewash Resolution set out in Section 12 of this Circular.

8. ABSTENTION FROM VOTING

Pursuant to the Code and SIC Conditions, the Concert Party Group (namely Mr Chan Heng Fai and HBD) and their concert parties and parties not independent of the Concert Party Group shall abstain, and shall procure their associates to abstain, from voting on resolutions approving the Proposed Whitewash Resolution. The Concert Party Group and their associates will also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 3 (in relation to the Proposed Whitewash Resolution) unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

9. POSSIBLE ADJUSTMENTS TO THE BONUS WARRANTS, PIGGYBACK WARRANTS, SHARE OPTIONS AND EXCHANGEABLE NOTES

As a result of the Rights cum Warrants Issue, the exercise price of the Bonus Warrants, Piggyback Warrants, and Share Options, and the exchange price of the Exchangeable Notes, may be adjusted in accordance with the respective terms and conditions of the Bonus Warrants, Piggyback Warrants, Share Options and Exchangeable Notes. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

10. THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

10.1. Background

On 31 July 2013, the SGX-ST announced the introduction of new listing rules (the "**New Listing Rules**") to promote greater transparency in general meetings and support listed companies and trusts in enhancing their shareholder engagement. These new rules include (a) holding of general meetings in Singapore, (b) voting by poll for all resolutions and (c) disclosures of relevant details on voting outcomes.

The Companies (Amendment) Bill No 25 of 2014 was passed by the Singapore Parliament on 8 October 2014 (the "**Amendment Bill**"). The Amendment Bill sets out a wide range of amendments to the Companies Act and will come into operation on a date to be appointed by notification in the Government Gazette ("**Companies Act Amendments**"). The Companies Act Amendments will be implemented in two phases: Phase 1 had been implemented on 1 July 2015 and Phase 2 is expected to come into effect in the first quarter of 2016.

Accordingly, the Directors are proposing to alter and update the Articles, where relevant, mainly to align them with the Listing Manual and the Companies Act Amendments (Phase 1), as well as to ensure clarity and consistency where relevant.

10.2. Summary of the Proposed Amendments to the Articles

The following is a summary of the main proposed amendments to the Articles (the "**Proposed Amendments**"). Shareholders should note that the paragraphs below set out only a summary of the main Proposed Amendments to the Articles and do not set out the other draft amendments proposed for clarity and consistency of reading of the Articles. Please refer to **Appendix III** to this Circular for the full text of the Articles and the Proposed Amendments.

(a) Article 45

The New Listing Rules require all issuers to hold their general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation. This requirement is set out in Rule 730A(1) of the Listing Manual.

The Articles are silent on the place at which general meetings of the Company will be held. For compliance with the Listing Manual, it is proposed that this requirement be set out in Article 45.

(b) Articles 8, 57, 58, 59, 60, 61, 70, 71 and 72

The New Listing Rules require issuers to conduct the voting of all resolutions put to general meetings by poll, where shareholders are accorded rights proportionate to their shareholding, in order to enhance transparency of the voting process and encourage greater shareholder participation. The conduct of voting by poll will also allow Shareholders who are unable to attend the general meetings to cast their votes through proxies to participate in the outcome of shareholders' resolutions. The New Listing Rules will require at least one scrutineer who is independent of the persons undertaking the polling process to be appointed for each general meeting.

The requirement is set out in Rules 730A(2) and (3), which had been effective from 1 August 2015. Accordingly, Rules 730A(2) and (3) shall be effective as at the annual general meeting of the Company following the forthcoming EGM.

Article 57, which currently provides that at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded, is proposed to be altered to be in line with the New Listing Rules. Consequential alterations are also being proposed to Articles 8, 58, 59, 60, 61, 70, 71 and 72.

(c) Articles 3, 11, 49, 113, 140, 141 and 142

(i) Article 3, which relates to the issue of Shares, is proposed to be altered to make clear that Shares may be issued for no consideration. This alteration is in line with the new Section 68 of the Companies Act.

(ii) Article 11, which relates to the issue of share certificates, is proposed to be altered for consistency with the amended Section 123(2)(c) of the Companies Act, which provides that a share certificate no longer has to state the amount paid for the shares but need only state "the class of the shares, whether the shares are fully or partly paid up and the amount (if any) unpaid on the shares".

(iii) Article 49, which relates to the routine business that is transacted at an AGM, is proposed to be altered for consistency with the amendments to the Companies Act, whereby certain references to "accounts" and "profit and loss accounts and balance-sheets" have been replaced with "financial statements".

(iv) Article 113, which relates to the general power of Directors to manage the Company's business, is proposed to be altered for consistency with the amended Section 157A of the Companies Act, which provides that the "business of a company shall be managed by, or under the direction or supervision of the directors". Section 157A of the Companies Act, as previously worded, did not include a reference to the term 'direction' and 'supervision'.

(v) Articles 140, 141 and 142, which relate to the Company's accounts, are proposed to be altered for updated terminology provided under the Companies Act (see paragraph 10.2(c)(iii) above), as well as to provide that copies of financial statements may be sent less than 14 days before the date of general meetings, if all persons entitled to receive notice of general meetings so agree. These alterations are in line with the amended Sections 201 and 203 of the Companies Act.

(d) Article 102

At the extraordinary general meeting of the Company on 28 October 2013, Shareholders approved the alteration of Article 102(A), increasing the quorum necessary for any transaction of business of the Board of Directors from two Directors to five Directors, including at least two Independent Directors. The Board of Directors had 11 Directors then.

Since the extraordinary general meeting on 28 October 2013, the number of Directors and its composition has been reduced and streamlined to comprise three Executive Director, one Non-Executive Director and three Independent Directors. Accordingly, it is proposed that Article 102(A) be amended to revise the quorum necessary for the transaction of the business of the Directors to three Directors, including at least two Independent Directors.

10.3. Special Resolution

The Proposed Amendments to the Articles are subject to Shareholders' approval in Special **Resolution 4** as set out in the Notice of EGM on page 106 of this Circular.

11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]
Directors						
Chan Heng Fai[2]	46,750,000	15.6%	38,250,000	12.7%	85,000,000	28.3%
Basil Chan	–	–	–	–	–	–
Teh Wing Kwan	91,000	0.3%	–	–	91,000	0.3%
Chan Yu Meng	–	–	–	–	–	–
Tao Yeoh Chi	–	–	–	–	–	–
Cui Peng	–	–	500	0.0002%	500	0.0002%
Vincent Lum	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Hengfai Business Development Pte. Ltd. (formerly known as Hengfai Strategic Investment Pte. Ltd.)	38,250,000	12.7%	–	–	38,250,000	12.7%
Toh Soon Huat	8,750,000	2.91%	19,838,800	6.61%	28,588,800	9.52%

Notes:

(1) Based on the Existing Share Capital.

(2) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD.

The interests of the Directors and Substantial Shareholders in other securities of the Company as at the Latest Practicable Date were as follows:

	No. of Bonus warrants	No. of Piggy back warrants	No. of Employee Share options
Directors			
Chan Heng Fai	8,780,434	2,217,391	1,061,333
Basil Chan	–	–	796,000
Teh Wing Kwan	5,434	–	796,000
Chan Yu Meng	–	–	530,667
Tao Yeoh Chi	–	–	530,667
Cui Peng	295,978	–	–
Vincent Lum	–	–	–
Substantial Shareholder (other than Directors)			
Hengfai Business Development Pte. Ltd. (formerly known as Hengfai Strategic Investment Pte. Ltd.)[1]	17,124,347	–	–

Note:

(1) Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in its interests in the Company.

Mr Chan Heng Fai and Mr Teh Wing Kwan also hold exchangeable notes issued by SCDPL which may be exchangeable into Shares or converted into shares of SCDPL in the principal amounts of S$3,500,000 and S$500,000 respectively. For further details on the exchangeable notes, please refer to the Diversification Circular and the announcements of the Company dated 30 January 2014 and 24 February 2014.

12. DIRECTORS' RECOMMENDATIONS

12.1. Resolution 1: The Proposed Expansion of the Investment Business (as Ordinary Resolution)

The Directors, having considered, *inter alia*, the rationale for the Proposed Expansion as set out in Section 2 of this Circular, are of the opinion that the Proposed Expansion is beneficial to, and in the best interest of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

12.2. Resolution 2: The Rights cum Warrants Issue (as Ordinary Resolution)

The Directors, having considered, *inter alia*, the terms and rationale for the Rights cum Warrants Issue as set out in Section 5 of this Circular, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

12.3. Resolution 3: The Proposed Whitewash Resolution (as Ordinary Resolution)

The Recommending Directors in respect of the Proposed Whitewash Resolution, having considered, *inter alia*, the rationale for the Rights cum Warrants Issue as set out in Section 5 of this Circular and the advice of the IFA as set out in the IFA Letter for the Whitewash Resolution in Appendix II of this Circular, are of the opinion that the Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM. The Independent Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of a poll to approve the same.

12.4. Resolution 4: The Proposed Amendments to the Articles (as Special Resolution)

The Directors, having considered, *inter alia*, the rationale for the Proposed Amendments to the Articles as set out in Section 10 of this Circular, are of the opinion that the Proposed Amendments are beneficial to, and in the best interest of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

12.5. Note to Shareholders

In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

13. EXTRAORDINARY GENERAL MEETING

An EGM will be held at Pan Pacific Singapore, Ocean 1, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on 10 December 2015 at 10.00 a.m. for the purpose of considering, and, if thought fit, passing, with or without any modifications, the Proposed Resolutions set out in the Notice of EGM on page 106 of this Circular.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete and sign the Proxy Form which is attached to this Circular in accordance with the instructions printed thereon and return it to the Company's registered office at 10 Windstedt Road, Block A #02-02 Singapore 227977 as soon as possible and in any event so as to arrive at the Company's registered office no later than 10.00 a.m. on 8 December 2015. The completion and return of the Proxy Form by a Shareholder will not preclude him from attending the EGM and voting in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

15. MATERIAL LITIGATION

Save as disclosed below, the Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its subsidiaries during the twelve (12) months preceding the date of this Circular which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such litigation or arbitration claim:

(a) In April 2015, the Company was served with a Writ of Summons and a Statement of Claim by the solicitors acting for Mr Liew Sen Keong (the "**Plaintiff**"), a former executive director of the Company, claiming for the sum of S$1,500,000 from an original S$3,000,000 unsecured interest-free loan granted by the Plaintiff to the Company in 2014, and interests and costs.

The Company had formally counterclaimed against the Plaintiff for contribution in the sum of S$2,093,250 relating to a personal guarantee given by the Plaintiff as well as for damages amounting to S$8,489,889 as at 28 April 2015 due to performance bonds called and indemnified by the Company in relation to the outstanding corporate guarantees issued by the Company for the benefit of CIPL. The Company announced on 16 May 2014 that the Plaintiff had undertaken in a sale and purchase agreement in relation to the disposal of CIPL ("**CIPL SPA**"), amongst other things, to procure that outstanding corporate guarantees issued by the Company for the benefit of CIPL be replaced by back to back guarantees to be given by the purchaser of CIPL. To date, the Plaintiff had failed to procure such replacement.

The Company was successful in obtaining summary judgment in the Suit no. 257 of 2015 ("**Suit**") on 17 August 2015 against the Plaintiff for the Company's counterclaim for contribution as stated above. In light of the summary judgment made against the Plaintiff, the Company has a judgment for the sum of S$593,250 (being the Company's claim of S$2,093,250 less the Plaintiff's claim of S$1,500,000) which they can enforce against the Plaintiff. As for the rest of the Company's counterclaim for damages against the Plaintiff in the Suit, these counterclaims will proceed to trial.

On 21 August 2015, the Plaintiff filed an appeal against the summary judgment made in favour of the Company. The Plaintiff's appeal was heard from 30 October 2015 to 3 November 2015 and thereafter the Plaintiff's appeal was dismissed on 3 November 2015. In the result, the Company was given judgment for the sum of S$593,250 plus costs of the appeal.

Please refer to the Company's announcements dated 2 April 2015, 21 July 2015, 20 October 2015 and 4 November 2015 for further information in this regard.

16. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date:

(a) The loan agreement dated 21 August 2015 entered into between the Company and its wholly-owned subsidiary, SeD Home and HBD. Pursuant to the Loan Agreement, HBD has agreed to grant an interest-free loan facility of up to US$15,000,000 to SeD Home. Please refer to Section 5.9 of this Circular and the Company's announcement on 24 August 2015;

(b) A settlement agreement dated 30 June 2015 entered into between the Company and Compagnie Francaise d'Assurance pour le Commerce Exterieur ("**COFACE**") in respect of the settlement of the Company's liabilities incurred pursuant to the indemnity provided by the Company to COFACE as the issuer of the performance bond of the building works at Jurong West Neighbourhood 2 Contract 19. Please refer to the Company's announcement on 1 July 2015;

(c) A placement agreement dated 16 June 2015 entered into between the Company and Mr Fan, Ben for the issue of 15,000,000 new Shares to Mr Fan, Ben at an issue price of S$0.081 per Share. Please refer to the Company's announcement on 17 June 2015, 13 July 2015 and 21 July 2015;

(d) A strategic co-operation agreement dated 26 May 2015 entered into between the Company and Guotsing Holding Group Co., Ltd to co-operate and jointly pursue projects of mutual interests. Please refer to the Company's announcement on 27 May 2015;

(e) A memorandum of understanding dated 26 May 2015 entered into between the Company and QingJian International Group Co., Ltd to collaborate on the acquisition of a property in Frederick County, Maryland, USA. Please refer to the Company's announcements of 27 May 2015 and 6 October 2015;

(f) A subscription agreement dated 20 May 2015 entered into between the Company and Ms Camielle Fan whereby Ms Camielle Fan had subscribed for a profit-participating bond of face value US$2 million for the issue price of US$2 million. Please refer to the Company's announcement on 22 May 2015;

(g) A non-binding memorandum of understanding dated 12 August 2014 entered into between the Company and Mr. Chan Heng Fai and Mr. Jacky Zhuang (collectively, the "**Vendors**") in relation to the proposed acquisition by the Company of the Vendors' entire equity interest in CloudTel Pte. Ltd. The parties terminated this agreement on 2 February 2015. Please refer to the Company's announcements of 12 August 2014 and 2 February 2015;

(h) A settlement agreement dated 27 August 2014 entered into between the Company with SHC Insurance Pte Ltd ("**SHC**") in respect of the Company's liabilities incurred pursuant to the indemnity provided by the Company to SHC as the issuer of the performance bond of the building works at Tuas Bay Drive. Please refer to the Company's announcements on 28 April 2014, 30 April 2014, 25 August 2014 and 27 August 2014;

(i) A settlement agreement dated 10 June 2014 entered into between the Company and Overseas Assurance Corporation Limited ("**OAC**") in respect of the settlement of the Company's liabilities incurred pursuant to the indemnity provided by the Company to OAC as the issuer of the performance bond of the building works at 6 Jalan Ampas. Please refer to the Company's announcement on 10 June 2014;

(j) A sale and purchase agreement dated 16 May 2014 entered into between the Company, Raymond Brother Builder Pte. Ltd. and Mr Liew Sen Keong for the Company to dispose of the entire share capital of CCM Industrial Pte. Ltd. Please refer to the Company's announcement on 16 May 2014;

(k) A loan agreement dated 23 January 2014 with Mr Liew Sen Keong for an interest-free loan of up to S$3,000,000 to the Company. Please refer to the Company's announcement on 22 January 2014; and

(l) A subscription agreement dated 23 October 2013 entered into between CCM Property Pte. Ltd. ("**CCM Property**") (now known as Singapore Construction & Development Pte. Ltd), the Company and Philip Securities Pte Ltd., whereby CCM Property agreed to issue exchangeable notes of up to S$5,000,000 in principal amount due 2016 and bearing an interest rate of 18% per annum. Please refer to the Company's announcements on 6 August 2013, 30 January 2014 and 24 February 2014.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

18. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter for the Whitewash Resolution dated 16 November 2015 and all references thereto, in the form and context in which they appear in this Circular.

19. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Windstedt Road, Block A #02-02 Singapore 227977 during normal business hours from the date of this Circular up to and including the date of the EGM:-

(a) the Annual Report of the Company for FY2012, FY2013 and FY2014;

(b) the Memorandum and Articles of Association of the Company;

(c) the Deed Poll;

(d) the IFA Letter for the Proposed Whitewash Resolution;

(e) the letter of consent by the IFA; and

(f) the material contracts referred to in Section 16 of this Circular.

Yours faithfully
For and behalf of the Board of Directors of
Singapore eDevelopment Limited

Chan Heng Fai
Executive Director and Chief Executive Officer

1. Consolidated Statement of Comprehensive Income

The audited consolidated comprehensive income of the Group for the financial years ended 31 December 2012 ("**FY2012**"), 31 December 2013 ("**FY2013**"), 31 December 2014 ("**FY2014**"); and unaudited consolidated comprehensive income of the Group for the 6 months period ended 30 June 2014 ("**1H2014**") and 30 June 2015 ("**1H2015**") are set out below:

Consolidated Statement of Comprehensive Income	**Group**				
	Year ended 31/12/2014 Audited S$'000	**31/12/2013 Restated S$'000**	**31/12/2012 Restated S$'000**	**1H2015 Unaudited S$'000**	**1H2014 Unaudited S$'000**
Continuing operations					
Revenue	–	–		3,365	–
Cost of sales	(41)	–	–	(2,549)	–
Gross profit (Loss)	(41)	–	–	816	–
Gross profit %				***24.2%***	
Other income	466	4	11	2,464	–
Marketing expenses	(178)	–		(973)	–
Administrative expenses	(4,231)	(986)	(953)	(2,383)	(1,102)
Research and Development	(231)	–		(749)	–
Other expenses	(3,429)	–		(541)	(692)
Loss from continuing operations	(7,644)	(982)	(942)	(1,366)	(1,794)
Finance costs	(11)	(16)	(28)	(18)	(83)
Loss before tax from continuing operations	(7,655)	(998)	(970)	(1,384)	(1,877)
Income tax expense	–	–	–	–	–
Loss from continuing operations, net of tax	(7,655)	(998)	(970)	(1,384)	(1,877)
Discontinued operation					
Loss from discontinued operation, net of tax	(13,088)	(21,422)	(898)	(324)	(3,835)
Loss for the year	(20,743)	(22,420)	(1,868)	(1,708)	(5,712)
Attributable to:					
Owners of the Company					
Loss from continuing operations, net of tax	(7,642)	(998)	(970)	(1,353)	(1,877)
Loss from discontinued operation, net of tax	(13,088)	(21,422)	(898)	(324)	(3,835)
	(20,730)	(22,420)	(1,868)	(1,677)	(5,712)
Non-controlling interests					
Loss from continuing operations, net of tax	(13)	–	–	(31)	–
Loss from discontinued operation, net of tax	–	–	–	–	–
	(13)	–	–	(31)	–
	(20,743)	(22,420)	(1,868)	(1,708)	(5,712)

Consolidated Statement of Comprehensive Income	Group				
	Year ended 31/12/2014 Audited S$'000	31/12/2013 Restated S$'000	31/12/2012 Restated S$'000	1H2015 Unaudited S$'000	1H2014 Unaudited S$'000
Other comprehensive income:					
Foreign currency translation	(7)	–	–	(12)	(1)
Total comprehensive income for the year	(20,750)	(22,420)	(1,868)	(1,720)	(5,713)
Attributable to:					
Owners of the Company					
Loss from continuing operations, net of tax	(7,649)	(998)	(970)	(1,365)	(1,878)
Loss from discontinued operation, net of tax	(13,088)	(21,422)	(898)	(324)	(3,835)
	(20,737)	(22,420)	(1,868)	(1,689)	(5,713)
Non-controlling interests					
Loss from continuing operations, net of tax	(13)	–	–	(31)	–
Loss from discontinued operation, net of tax	–	–	–	–	–
	(13)	–	–	(31)	–
Total comprehensive income for the year	(20,750)	(22,420)	(1,868)	(1,720)	(5,713)

nm = Not Meaningful

Sources:

Annual reports of the Company for FY2014, FY2013 and FY2012. Consolidated Statements of Comprehensive income for FY2013 and FY2012 had been restated in accordance with presentation adopted for FY2014.

Company's announcemet of unaudited results for the six months ended 2015 released on 21 July 2015.

2. Profit and Loss Review

Unaudited HY2015 vs Unaudited HY2014

The Property Development Business generated a revenue of S$3.3 million and a gross profit of S$0.7 million in 1H2015, mainly due to the recognition of the resales of 14 units of tenanted single-family homes in El Tesoro, Houston, Texas, USA. Information Technology Business associated with HotApp (which was acquired in August 2014) did not generate any revenue. No revenue was recognized in 1H2014 as the Property Development Business only commenced in 2H2014.

Other income increased by S$2.46 million from Nil in 1H2014 to S$2.47 million in 1H2015, principally due to a gain of S$2.1 million from fair value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes previously recognised as a loss during FY2014. The Group also recognised S$0.3 million in unrealised foreign exchange gains arising from appreciation of the US Dollar during 1H2015.

Marketing expenses increased by S$0.97 million from Nil in 1H2014 to S$0.97 million in 1H2015 comprised mainly increase in advertising costs incurred for promotion of sales of tenanted homes in Houston, Texas. Higher promotional expenses were incurred by HotApp as part of its user acquisition activities in the People's Republic of China ("**PRC**") during 1H2015.

Administrative expenses increased by S$1.3 million from S$1.1 million in 1H2014 to S$2.4 million in 1H2015 mainly due to S$0.1 million and S$0.5 million increase in the administration expenses relating to the U.S. property development activities and HotApp business. The remaining S$0.6 million is due to S$0.1 million of additional amortised employee stock option cost, S$0.3 million increase in staff costs incurred due to additional corporate staff and higher operating expenses of S$0.2 million principally higher office rental, insurance, travelling and entertainment expenses.

Research & Development expenses increased by S$0.75 million from Nil in 1H2014 to S$0.75 million in 1H2015 relates to employee costs, depreciation and other incidental costs incurred for the software development of the HotApp mobile application.

Other expenses decreased by S$0.15 million from S$0.69 million in 1H2014 to S$0.54 million in 1H2015. The other expenses of S$0.54 million for 1H2015 relates mainly to withholding tax expenses and the other expenses of S$0.69 million for 1H2014 relates mainly to professional and legal fees incurred in the restructuring of the group operations.

The interest expenses of S$25,000 in 1HY2015 relates principally to the 8% US$2 million bond to be deployed in the property development business whereas the interest expenses of S$52,000 in 1H2014 was mainly due to the financing of the discontinued operations.

Discontinued Operation

During 2014, subsequent to the disposal of CCM Industries Pte Ltd ("**CIPL**"), the Group reviewed its remaining construction activities undertaken by its wholly owned subsidiary, Singapore Construction Pte. Ltd. ("**SCPL**"). The construction business had been underperforming for the last two years and with the expansion of the Group's activities into Property Development and Information Technology Business, the Group had decided to discontinue its construction business and reported all activities of CIPL prior to its disposal, and SCPL as part of discontinued operation in financial year ended 31 December 2014. Accordingly, the Group has re-presented the unaudited consolidated statement of comprehensive income and unaudited consolidated cash flow statement for six month ended 30 June 2014 in relation to the discontinued operation separately from the continuing operations.

The loss of S$0.3 million incurred during 1H2015 related to provision for doubtful debt and additional administrative expenses.

Audited FY2014 vs Audited FY2013 (restated)

The Group's continuing operations comprises Property Development and Information Technology Businesses.

No revenue was recognized in FY2014 as both operations did not generate any revenue as all properties were still in the development stage while HotApp, the newly acquired mobile application, was in the final stage of development pending commercial launch. The Group incurred a small gross loss of S$0.04 million in FY2014 as the result of running cost - mainly employee and network operation expenses relating to HotApp.

Other income increased by S$0.46 million from S$0.01 million in FY2013 to S$0.47 million in FY2014 comprised mainly unrealised foreign exchange gains due to appreciation of the US Dollar during the last quarter of FY2014 on US Dollar-based loans to the Group's property operation in US.

Marketing expenses increased by S$0.18 million from Nil in FY2013 to S$0.18 million in FY2014 comprised mainly increase in advertising costs incurred for promotion of sales of tenanted homes in Houston, Texas and additional employee and other expenses were incurred by HotApp as part of its pre-launch activities.

Administrative expenses increased by S$3.2 million from S$1.0 million in FY2013 to S$4.2 million in FY2014 mainly due to the increased in legal and professional fees incurred arising from restructuring, issuance of Exchangeable Notes, disputes of contracts and disposal of CIPL totaling S$0.9 million. Increase of S$0.2 million is attributed to share-based compensation (employee share options). Part of the increase is also due to increase in staff costs incurred due to additional corporate staff and higher salary compensation.

Research & Development expenses increased by S$0.23 million from Nil in FY2013 to S$0.23 million in FY2014 relates to employee costs, depreciation and other incidental costs incurred for the software development of the HotApp mobile application.

Other expenses decreased by S$3.4 million from Nil in FY2013 to S$3.4 million in FY2014 relates to a loss of S$3.0 million on fair value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes and write off of S$0.4 million of listing expenses.

Discontinued Operation

The Group disposed its construction business held under CIPL on 21 May 2014. Subsequent to the disposal of CIPL, the Group reviewed its remaining construction activities undertaken by its wholly-owned subsidiary, Singapore Construction Pte Ltd ("**SCPL**"). The Group had no outstanding construction activities and had terminated the employment services of all its employees in the construction business in Singapore. Accordingly, the Group decided on 26 February 2015 to discontinue its construction business in Singapore and accounted and reported all activities of CIPL, prior to its disposal, and SCPL as part of Discontinued Operation in FY2014 and restated its comparative in the Consolidated Statement of Comprehensive Income.

The Discontinued Operation recorded a net loss after tax of S$13.1 million, due mainly to (i) the operating loss of CIPL prior to its disposal on 21 May 2014, an (ii) provision for claims arising from corporate indemnities previously issued as performance guarantees, offset by the gain on disposal of CIPL.

Audited FY2013 (restated) vs Audited FY2012 (restated)

No revenue was recognized in FY2013 and FY2012 as the continuing operations commence in FY2014.

Administrative expenses increased by S$0.34 million from S$0.95 million in FY2012 to approximately S$0.99 million in FY2013. The increase was mainly due to an increase in staff costs incurred following the engagement of new staff with higher salaries.

3. Balance Sheet

The audited consolidated balance sheet of the Group as at 31 December 2012, 31 December 2013, 31 December 2014 and unaudited balance sheet of the Group as at 30 June 2014 and 30 June 2015 are set out below:

Balance Sheets	Group				
	31/12/2014 Audited S$'000	31/12/2013 Audited S$'000	31/12/2012 Audited S$'000	1H2015 Unaudited S$'000	1H2014 Unaudited S$'000
Non-current assets					
Property, plant and equipment	128	2,557	5,256	158	11
Software cost	98	–		98	–
Investment in subsidiaries	–	–		–	–
Trade receivables	–	2,421		–	–
	226	4,978	5,256	256	11
Current assets					
Gross amount due from customers for contract work-in-progress	–	3,331	12,206	–	400
Trade and other receivables	298	15,031	17,520	215	76
Prepaid operating expenses	181	587	576	126	206
Properties under development	17,278	–		19,964	13,510
Inventories				2,273	–
Cash and bank deposits pledged	344	1,313	2,320	2,019	640
Cash and bank balances	21,184	871	97	12,617	1,134
	39,285	21,133	32,719	37,214	15,966
Total assets	**39,511**	**26,111**	**37,975**	**37,470**	**15,977**
Current liabilities					
Provision for claims	3,461	3,000	–	1,761	–
Trade and other payables	1,940	25,065	20,756	1,166	4,804
Accrued operating expenses	1,577	1,297	982	1,960	901
Derivative	5,869	–		3,302	–
Loans and borrowings	1,609	5,973	10,283	2,172	7,000
	14,456	35,335	32,021	10,361	12,705
Net current assets / (liabilities)	24,829	(14,202)	698	26,853	3,261
Non-current liabilities					
Trade payables	–	2,254	–	–	–
Loans and borrowings	3,269	341	1,597	5,701	7,238
	3,269	2,595	1,597	5,701	7,238
Total liabilities	**17,725**	**37,930**	**33,618**	**16,062**	**19,943**
Net Assets / (Liabilities)	**21,786**	**(11,819)**	**4,357**	**21,408**	**(3,966)**

Balance Sheets	Group				
	31/12/2014 Audited S$'000	31/12/2013 Audited S$'000	31/12/2012 Audited S$'000	1H2015 Unaudited S$'000	1H2014 Unaudited S$'000
Equity attributable to owners of the Company					
Share capital	67,359	15,809	9,565	68,539	26,715
Other reserves	230	(2,569)	(2,569)	380	90
Retained earnings	(45,789)	(25,059)	(2,639)	(47,466)	(30,771)
	21,800	(11,819)	4,357	21,453	(3,966)
Non-controlling interests	(14)	–	–	(45)	
Total equity	**21,786**	**(11,819)**	**4,357**	**21,408**	**(3,966)**
Total equity and liabilities	**39,511**	**26,111**	**37,975**	**37,470**	**15,977**
Outstanding shares	285,295.85	171,220.00	171,220.00	285,295.85	1,231,191.00
NTA per share (cents)	7.64	(6.90)	2.54	7.50	(0.32)

4. Cashflow Statements

The summary of the audited cash flow statement of the Group for FY2012, FY2013, FY2014; and the unaudited cash flow statement of the Group for 1H2014 and 1H2015 are set out below:

Consolidated Cash Flow Statement	FY2014 Audited S$'000	FY2013 Restated S$'000	FY2012 Restated S$'000	1H2015 Unaudited S$'000	1H2014 Unaudited S$'000
Operating activities					
Loss before tax from continuing operations	(7,655)	(998)	(970)	(1,384)	(1,877)
Loss before tax from discontinued operation	(13,088)	(21,422)	(898)	(324)	(3,835)
Loss before tax, total	(20,743)	(22,420)	(1,868)	(1,708)	(5,712)
Adjustments for:-					
Depreciation of property, plant and equipment	311	1,297	1,343	25	301
(Gain) / loss on disposal of property, plant and equipment	(12)	604	(21)	–	(12)
Write-off of gross amount due from customer for contract work-in-progress			621		
Gain on disposal of a subsidiary	(19,170)	–		–	(19,170)
Net fair value adjustment on derivative	2,961	–		(2,141)	–
Grant of equity-settled share options to employees	237	–		162	91
Provision for doubtful debt	15,517	–		268	10,330
Prepaid listing expenses written off	468	–		(113)	–
Receivables written off	–	557	118		
Provision for foreseeable losses on contract work-in-progress and legal claims	–	8,709	642		
Provision for claims	3,461	3,000			
Notional interest expenses	–	251			
Notional interest income	–	(180)			
Withholding tax expenses	356			527	–
Unrealised exchange loss	(412)	–		(307)	34
Finance costs	59	359	415	25	52
Finance income	–	(1)	(9)	(16)	–
Operating cash flows before changes in working capital	**(16,967)**	**(7,824)**	**1,241**	**(3,278)**	**(14,086)**
Changes in working capital:-					
Increase in trade and other receivables	(6,125)	(740)	(11,376)	(186)	410
Increase in prepaid operating expenses	(340)	(11)	(401)	55	(363)
(Increase)/decrease in gross amount due from customers contract work-in-progress	(7,350)	167	(5,623)	–	(7,751)
Increase in properties held for sales				(1,902)	–
Increase in properties under development	(16,240)	–		(2,427)	(12,904)
Increase in deposit paid for properties				(2,019)	–
Increase in trade and other payables	7,947	5,742	7,939	(799)	17,518
Increase in accrued operating expenses	2,062	316	481	(979)	244

Consolidated Cash Flow Statement	FY2014 Audited S$'000	FY2013 Restated S$'000	FY2012 Restated S$'000	1H2015 Unaudited S$'000	1H2014 Unaudited S$'000
Cash flows used in operations	(37,013)	(2,350)	(7,739)	(11,535)	(16,932)
Interest received	–	1	9	16	–
Interest paid	(59)	(359)	(415)	(900)	(52)
Income tax paid			(13)		
Net cash flows used in operating activities	**(37,072)**	**(2,708)**	**(8,158)**	**(12,419)**	**(16,984)**
Investing activities					
Purchase of property, plant and equipment	(135)	(357)	(625)	(55)	(11)
Proceeds from disposal of plant and equipment	27	1,155	87	–	27
Net cash outflow on acquisition of subsidiaries	(416)	–		–	–
Decrease in cash and cash equivalent on disposal of a subsidiary	(227)	–		–	(227)
Net cash flows (used in) / from investing activities	**(751)**	**798**	**(538)**	**(55)**	**(211)**
Financing activities					
Proceeds from loans and borrowings	11,533	14,545	5,428		8,899
Proceeds from issuance of new ordinary shares	51,992	7,058			11,044
Proceeds from issuance of exchangeable notes	4,000	–			4,000
Proceeds from issuance of private bond				2,692	–
Proceeds from issuance of private placement				1,215	–
Advance from directors	–	1,000			
Proceeds from loans from directors / shareholder	3,000	–			3,000
Repayments of loans and borrowings	(8,649)	(17,623)	(999)		(5,785)
Repayments of obligations under finance lease	(116)	(1,639)	(683)		(57)
(Increase) / decrease in deposits pledged	(41)	1,007	(9)		(337)
Share issuance expenses	(442)	(814)			(138)
Net cash generated from financing activities	**61,277**	**3,534**	**3,737**	**3,907**	**20,626**
Net increase in cash and cash equivalents	**23,454**	**1,624**	**(4,959)**	**(8,567)**	**3,431**
Effect of exchange rate changes on cash and cash equivalents	**27**				
Cash and cash equivalents at beginning of financial period	**(2,297)**	**(3,921)**	**1,038**	**21,184**	**(2,297)**
Cash and cash equivalents at end of financial period	**21,184**	**(2,297)**	**(3,921)**	**12,617**	**1,134**
Note A					
Cash and cash equivalents comprised fixed deposit and cash and bank balances:	21,184	871	(3,921)	12,617	1,134
Less: Bank overdrafts	–	(3,168)		–	–
Cash and cash equivalents	21,184	(2,297)	(3,921)	12,617	1,134

5. Cashflow Review

A review of the cash flow position of the Group as at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015 is set out below.

1H2015

The Group had an operating cash outflow of S$12.4 million in 1H2015 which was mainly attributable to negative operating cash flows before working capital changes of S$3.3 million, an increase in trade and other receivables of S$0.10, an increase in properties held for sales of S$1.9 million, an increase in properties under development S$2.4 million, an increase in deposit paid for properties S$2.0 million, an increase in trade and other payables of S$0.8 million, an increase in accrued operating expenses of S$1.0 million and an interest payment of S$0.9 million to holders of Exchangeable Notes.

Net cash generated from financing activities of S$3.9 million in 1H2015 was mainly attributable to proceeds from issuance of 8% US$2 million private participating bond and a S$1.2 million proceeds from a private placement agreement.

FY2014

Net cash used in operating activities in FY2014 amounted to S$37.1 million, mainly due to cash used in operations after adjusting for non-cash items of S$17.0 million, increase in trade and other receivables of S$6.1 million, increase in prepaid operating expenses of S$0.4 million, increase in gross amount due from customers for contract work-in-progress in excess of progress billings of S$7.4 million, increase in properties under development of S$16.2 million and offset by an increase in trade and other payables and accrued expenses of S$10.0 million.

Net cash used in investing activities were S$0.7 million which was principally due to a decrease in cash and cash equivalents relating to the disposal of CIPL and acquisition of subsidiaries.

Net cash utilised in operating and investing activities were funded by net cash generated from financing activities amounting to S$61.3 million in FY2014. The issuance of new Shares pursuant to exercise of Bonus Warrants and Piggyback Warrants, the issuance of Exchangeable Notes, loans from a former director and additional loans and borrowings raised net proceeds totaling S$70.1 million. This amount was offset by repayments of borrowings and obligations under finance lease of S$8.8 million.

Given the above, the Group's cash and cash equivalents improved by S$23.5 million to a positive balance of S$21.2 million as at 31 December 2014 from a deficit of S$2.3 million as at 31 December 2013.

FY2013

The Group had an operating cash outflow of S$2.7 million in FY2013 which was mainly attributable to negative operating cash flows before working capital changes of S$7.8 million, an increase in trade and other receivables of S$0.7 million, a reduction in construction work-in-progress in excess of progress billings of S$0.2 million, offset by an increase in other liabilities of S$0.3 million and an increase in trade and other payables of S$5.7 million.

Net cash generated from financing activities of S$3.5 million in FY2013 was mainly attributable to proceeds from loans and borrowings of S$14.5 million to finance new main building works contracts awarded, uplift of a bank deposits pledged of S$1.0 million, which was in line with the full settlement of a term loan with Standard Chartered Bank and proceeds from issuance of new Shares of S$7.0 million in FY2013, which was mainly offset by share issuance expenses of S$0.8 million, repayments of loans and borrowings of S$17.6 million and repayments of finance lease obligations of S$1.6 million.

6. Working Capital Position

Summary of working capitals of the Group as at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015 are summarised below:

	Audited As at 31 December 2012 (S$'000)	As at 31 December 2013 (S$'000)	As at 31 December 2014 (S$'000)	Unaudited As at 30 June 2015 (S$'000)
Current assets				
Cash and cash equivalents	2,417	2,184	21,528	14,636
Trade and other receivables	18,096	15,618	479	341
Gross amount due from customers for work-in-progress	12,206	3,331	–	–
Properties under development	–	–	17,278	19,964
Inventories	–	–	–	2,273
	32,719	21,133	39,285	37,214
Current liabilities				
Provision for claims	–	3,000	3,461	1,761
Trade and other payables	21,738	26,362	3,517	3,126
Derivatives	–	–	5,869	3,302
Loans and borrowings	10,283	5,973	1,609	2,172
	32,021	35,335	14,456	10,361
Working capital	698	(14,202)	24,829	26,853

A review of the working capital of the Group as at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015 is set out below:

As at 30 June 2015 compared with 31 December 2014

(a) Properties under development

The Group had earlier procured lands for development in Houston, Texas, USA (the "**Black Oak**" project) and Mandurah, Western Australia. Related costs principally comprise land purchase and other costs such as project financing, project management and development costs. Additional development and financing costs have been incurred since December 2014.

(b) Inventories

The Group had acquired 27 units of tenanted single-family homes in El Tesoro, Houston, Texas, for resale in March 2015. As at 30 June 2015, there remained 13 units of such homes on hand. Ten units have been pre-sold and are expected to be handed over to buyers during 2H2015.

(c) Provision for Claims

These represent contingent liabilities recognised by the Company and the Group arising from corporate indemnities provided to CIPL. In May 2015, the Housing Development Board, as the project owner of a CIPL legacy project, demanded payment of S$2.8 million under a performance bond ("**Demanded Amount**") against which the Company had provided corporate indemnity. On 30 June 2015, the Company entered into a settlement agreement with the issuer of the performance bond for the Demanded Amount paid by it. Under the settlement agreement, the Company had paid S$1.7 million of the Demanded Amount and shall pay the balance by instalments before 30 June 2016. The Company shall also indemnify the issuer against further calls for up to the aggregate and final sum of S$0.6 million (being the balance of the total S$3.4 million guaranteed sum).

(d) Derivative

The derivative represented fair value of exchange rights granted to the holders of the Exchangeable Notes.

(e) Loans and borrowings

On 20 May 2015, the Group issued an 8% participating US$ 2 million bond maturing on 19 May 2017. In addition, the Group had outstanding Exchangeable Notes, property loan for the Mandurah project and interest-free loan from a former director.

(f) Cash balances

The Group's cash and cash equivalents had decreased by S$8.6 million from S$21.2 million as at 31 December 2014, mainly due to net cash used in operating activities during 1H2015 amounting to S$12.4 million. Operating activities before changes in working capital consumed S$3.3 million in cash, principally arising from software development by HotApp. Approximately S$6.4 million was deployed for the Group's various property development projects in the U.S. and Australia, payment of S$0.9 million in interest to holders of exchangeable notes and S$2.2 million paid in connection to indemnities for called performance bonds, offset by other net working capital.

In financing activities, the Group raised a total of S$3.9 million from an 8% US$2 million private participating bond and S$1.2 million under a placement agreement during the period.

As at 31 December 2014 compared with 31 December 2013

The disposal of CIPL on 21 May 2014 and its exclusion from the consolidated balance sheet of the Group accounted for most of the significant changes in financial positions as follows:

Balances as at 31 December 2013 (S$ million)	**Group CCM Industrial**	**(excl. CCM Industrial)**	**Consolidated Balance**
Trade and other receivables and gross amount due from customers for contract work-in-progress totalling	18.4	0.5	18.9
Cash and bank balances (including bank deposit pledged)	1.7	0.5	2.2
Provision for legal claim	(3.0)	–	(3.0)
Trade and other payable	(25.1)	(1.3)	(26.4)
Loans from directors	(0.8)	(1.0)	(1.8)
Loans and borrowings	(5.9)	(0.1)	(6.0)
Total	(14.7)	(1.4)	(16.1)

In addition to the above changes, the Group's financial position as at 31 December 2014 was due to the following:

(a) Trade receivable arose from those contracts undertaken by Singapore Construction Pte Ltd ("**SCPL**") in collaboration with Hauslab Group under a heads of agreement announced by the Company on 10 April 2014.

(b) Properties under development

The Group's properties under development at S$17.3 million which comprised land purchase costs, project financing cost (which had been capitalised), project management and development costs in relation to land development projects in Black Oak in Houston, USA and Mandurah, Western Australia.

(c) Provision for claims of S$3.5 million as at 31 December 2014 represented a 50% provision recorded for the corporate indemnities previously provided to the since-disposed CIPL.

(d) Loans and borrowings

The Group's property development businesses were mainly funded by Exchangeable Notes (S$5.0 million), net proceeds from the 2014 Rights Issue (S$9.2 million) and a bank loan for Mandurah project (S$0.7 million). Arising from the issuance of Exchangeable Notes, the Group had recorded an embedded financial derivative liability of S$5.9 million due to revaluation of exchangeable rights held by the holders of the Exchangeable Notes.

The Group also received a S$3 million interest free loan from a former directors to fund CIPL prior to its disposal. S$1.5 million of this loan had since been set off against certain obligations by the former director under the disposal of CIPL.

(e) Cash and cash equivalents

The increase of cash balances of S$21.5 million was mainly from the net cash of S$61.3 million raised via issuance of new shares pursuant to the exercise of Bonus Warrants, Piggyback Warrants, issuance of Exchangeable Notes, 2014 Rights Issue and proceeds from other borrowings. The balance as at 31 December 2014 represented the residual cash balances after taking into account of net cash used in operating activities (S$37.0 million) and investing activities (S$0.8 million).

As at 31 December 2013 compared with 31 December 2012

Current assets decreased by S$11.6 million to S$21.1 million as at 31 December 2013 mainly due to a reduction in gross amount due from customers for construction work-in-progress of S$8.9 million, a decrease in trade and other receivables of S$2.5 million and a decrease in the cash and bank balances by S$0.2 million. The decrease in gross amount due from customers for construction work-in-progress was mainly attributable to a provision for foreseeable loss on gross amount due from customers for contract work-in-progress of S$8.7 million and higher costs incurred in work-in-progress in FY2013.

Current liabilities increased by S$3.3 million to S$35.3 million as at 31 December 2013 mainly due to a S$5.8 million increase in trade and other payables and other liabilities, which was a result of an increase in materials purchased and accruals for construction project costs, and a provision for legal claim of S$3.0 million, which was offset by a decrease in loans and borrowings of S$2.5 million.

PROVENANCE CAPITAL PTE. LTD.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

16 November 2015

To: The Independent Directors of Singapore eDevelopment Limited
(deemed to be independent in respect of the Proposed Whitewash Resolution)

Mr Basil Chan	(Non-Executive Chairman & Independent Director)
Mr Cui Peng	(Executive Director)
Mr Vincent Lum	(Executive Director)
Mr Teh Wing Kwan	(Non-Executive Director)
Mr Tao Yeoh Chi	(Independent & Non-Executive Director)
Mr Chan Yu Meng	(Independent & Non-Executive Director)

Dear Sirs,

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF SINGAPORE EDEVELOPMENT LIMITED NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 16 November 2015 ("**Circular**").*

1. INTRODUCTION

On 27 July 2015 ("**Announcement Date**"), the board of Directors ("**Board**") of Singapore eDevelopment Limited ("**Company**", together with its subsidiaries, "**Group**") announced that the Company is proposing, *inter alia*, to undertake a renounceable non-underwritten rights cum warrants issue ("**Proposed Rights cum Warrants Issue**") which may involve an issue of an aggregate of up to 3,996,654,250 new ordinary shares in the capital of the Company ("**Shares**"), comprising:

(a) up to 1,998,327,125 new Shares ("**Rights Shares**") at the issue price of S$0.030 ("**Issue Price**") for each Rights Share, on the basis of five (5) Rights Share for every one (1) Share held by shareholders of the Company ("**Shareholders**"); and

(b) up to 1,998,327,125 free detachable warrants ("**2015 Warrants**") carrying the right to subscribe for one (1) new Share at the exercise price of S$0.030 ("**Exercise Price**") for each Share, on the basis of one (1) 2015 Warrant for every one (1) Rights Share subscribed for under the Proposed Rights cum Warrants Issue. These 2015 Warrants can be exercised within one (1) year from the date of issue of the 2015 Warrants.

On 8 October 2015, the Company further announced that the exercise period for the 2015 Warrants shall be extended from one (1) year to five (5) years.

The Proposed Rights cum Warrants Issue is subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting of the Company ("**EGM**") to be convened. Further information on the Proposed Rights cum Warrants Issue and, *inter alia*, the proposed whitewash resolution ("**Proposed Whitewash Resolution**") together with the notice for the EGM are set out in the Circular which will be despatched to Shareholders in due course.

Mr Chan Heng Fai ("**Mr Chan**") is the Executive Director, Chief Executive Officer and the controlling shareholder of the Company. As at the Latest Practicable Date, Mr Chan owns a direct interest of 46,750,000 Shares, representing approximately 15.6% of the total number of issued Shares. Hengfai Business Development Pte. Ltd. ("**HBD**"), a Singapore incorporated company in which Mr Chan is the sole shareholder and director, owns 38,250,000 Shares, representing approximately 12.7% of the total number of issued Shares. Together, Mr Chan and HBD ("**Concert Party Group**") have an aggregate interest of 85,000,000 Shares, representing approximately 28.3% of the total number of issued Shares of 300,295,850 as at the Latest Practicable Date.

In addition, as at the Latest Practicable Date, the Concert Party Group owns the following securities which are exercisable into new Shares:

(a) 25,904,781 bonus warrants which are issued by the Company, listed on the SGX- Catalist and are exercisable into new Shares at any time by 30 December 2016 ("**Bonus Warrants**"). Upon the exercise of these Bonus Warrants, additional piggyback warrants ("**Piggyback Warrants**") will be issued on the basis of one Piggyback Warrant for every Bonus Warrant exercised;

(b) 2,217,391 Piggyback Warrants which are issued by the Company, unlisted and are exercisable into new Shares at any time by 30 December 2016;

(c) S$3.5 million principal amount of the exchangeable notes of the Company's wholly-owned subsidiary, Singapore Construction & Development Pte. Ltd. ("**SCDPL**") which are unlisted and are exchangeable into new Shares at any time by 21 February 2017 ("**Exchangeable Notes**"); and

(d) 1,061,333 share options which were granted to Mr Chan pursuant to the employee share option scheme of the Company which are vested and exercisable between 31 December 2015 and 31 December 2023 ("**Options**").

On 8 October 2015, the Company announced that it had obtained the approval for the proposed whitewash waiver ("**Proposed Whitewash Waiver**") from the Securities Industry Council ("**SIC**") on 5 October 2015 to grant Mr Chan and HBD from the obligations of a mandatory takeover offer as a result of Mr Chan and HBD subscribing for 245,000,000 Rights Shares with the 2015 Warrants, subject to various conditions.

Based on the Concert Party Group's shareholding interest of 85,000,000 Shares, its *pro-rata* entitlement pursuant to the Proposed Rights cum Warrants Issue will be 425,000,000 Rights Shares cum 425,000,000 2015 Warrants. We note that the Concert Party Group had sought approval for the Proposed Whitewash Waiver from the SIC for its subscription of 245,000,000 Rights Shares with the 2015 Warrants. These Rights Shares represent approximately 57.6% of the Concert Party Group's *pro-rata* entitlement to the Proposed Rights cum Warrants Issue.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30.0% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1.0% voting rights ("**Mandatory Offer Thresholds**"), he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**").

On the premise that the Concert Party Group may, as a result of its subscription of the Rights Shares cum 2015 Warrants, trigger the Mandatory Offer Thresholds, the Company had sought the approval of the SIC to grant the Proposed Whitewash Waiver to waive the obligation of the Concert Party Group to make a Mandatory Offer as a result of its subscription of the 245,000,000 Rights Shares with 2015 Warrants pursuant to the Proposed Rights cum Warrants Issue.

Subsequently on 13 November 2015, the Concert Party Group gave their respective irrevocable undertakings to the Company to, *inter alia*, apply and subscribe for and/or procure applications and subscriptions for and pay for and/or procure the payment for 245,000,000 Rights Shares with 2015 Warrants under the Proposed Rights cum Warrants Issue ("**Irrevocable Undertakings**").

The SIC's approval for the Proposed Whitewash Waiver is subject to the satisfaction of certain conditions as set out in Section 7.4 of the Circular, including, *inter alia*, (i) the approval of the Proposed Whitewash Resolution by the majority of the Independent Shareholders voting by way of a poll to waive their rights to receive the Mandatory Offer from the Concert Party Group at the EGM; and (ii) the appointment of an independent financial adviser ("**IFA**") to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Accordingly, Provenance Capital Pte. Ltd. has been appointed by the Company as the IFA to advise the Directors who are deemed to be independent in respect of the Proposed Whitewash Resolution. Save for Mr Chan, who will abstain from making any recommendation as a Director of the Company on the Proposed Whitewash Resolution, the remaining Directors, namely, Mr Basil Chan, Mr Cui Peng, Mr Vincent Lum, Mr Teh Wing Kwan, Mr Tao Yeoh Chi and Mr Chan Yu Meng are deemed independent directors with respect to the Proposed Whitewash Resolution ("**Independent Directors**").

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Whitewash Resolution. This Letter forms part of the Circular to Shareholders which provides*, inter alia*, the details of the Proposed Rights cum Warrants Issue, the Proposed Whitewash Resolution and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Proposed Whitewash Resolution. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Proposed Rights cum Warrants Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Rights cum Warrants Issue or to obtain the approval of the Independent Shareholders for the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution other than to express an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Proposed Rights cum Warrants Issue.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept

any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Proposed Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Proposed Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 9 November 2015, being the Latest Practicable Date as referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Rights cum Warrants Issue. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Takeover Code and/or the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the completion of the Proposed Rights cum Warrants Issue or if the Proposed Rights cum Warrants Issue is not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our view as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent

development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of the Independent Shareholders. As each Independent Shareholder would have different investment objectives and profiles, we recommend that any individual Independent Shareholder or group of Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Whitewash Resolution at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to the Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution remain the sole responsibility of the Independent Directors.

Our recommendation in relation to the Proposed Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

Overview

The Company was incorporated on 9 September 2009 and listed on the SGX-Catalist in July 2010 when it was formerly known as CCM Group Limited. On 14 April 2014, Mr Chan took over as Chief Executive Officer of the Company, embarked on various fund raising exercises and restructuring of the Group including the disposal of the Group's legacy construction business, and changed the name of the Company to Singapore eDevelopment Limited on 5 August 2014. Together with its new corporate identity, the Group unveiled its twin-engine growth strategy in (i) international property development; and (ii) information technology, through its investment business which pertains to the investments in securities of companies with growth potential which may include, among others, equities, convertible securities, bonds and funds ("**Investment Business**").

We note that the Company is presently seeking shareholders' approval at the forthcoming EGM to further expand the scope of its Investment Business to include, among others, unquoted securities, futures, commodities, derivatives, REITs, private equity funds, hedge funds and funds of funds. Details of the proposed expansion of its Investment Business are set out in Section 2 of the Circular.

As at the Announcement Date, the Company had an issued and paid-up share capital comprising 300,295,850 Shares. Based on the last transacted Share price of S$0.083 prior to

the Announcement Date and the outstanding Shares as at the Announcement Date, the market capitalisation of the Company was approximately S$24.9 million.

As at the Latest Practicable Date, the Company had an issued and paid-up share capital comprising 300,295,850 Shares. Based on the last transacted Share price of S$0.030 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S$9.01 million.

For the last two financial years ended 31 December 2013 and 2014 ("**FY2013**" and "**FY2014**"), the Group had no revenue and reported losses amounting to S$22.42 million and S$20.74 million respectively due mainly to the loss from discontinued operation of its legacy construction activities in Singapore. During FY2014, the Company carried out various fund-raising activities which strengthened the balance sheet of the Group. As at 31 December 2014, the Group had net tangible assets ("**NTA**") of S$21.70 million which included cash and bank balances of S$21.18 million. NTA per Share of the Group was S$0.0764 as at 31 December 2014.

For the first six-month period ended 30 June 2015 ("**HY2015**"), the Group recorded revenue of S$3.37 million and loss attributable to the owners of the Company of S$1.68 million, of which loss after tax from continuing operations was S$1.35 million. As at 30 June 2015, the NTA of the Group was S$21.36 million which included cash and cash balances of S$12.62 million. NTA per Share of the Group was S$0.0750 as at 30 June 2015.

Highlights of the past fund raising activities by the Group over the last three years

2013

In April 2013, the Concert Party Group, through HBD, became the second largest Shareholder with a shareholding interest of 27.5% after it subscribed to 35.0 million new Shares at the issue price of S$0.086 per Share, raising gross proceeds of S$3.01 million for the Company.

In June 2013, the Company carried out a share placement to place out 44,000,000 Shares to certain investors at S$0.092 per Share to raise gross proceeds of S$4,048,000.

2014

In January 2014, the Company issued 1,711,300,000 Bonus Warrants to its Shareholders on the basis of 10 Bonus Warrants for every one (1) Share held. Each Bonus Warrant is exercisable at the exercise price of S$0.010 per Share at any time within three years of the date of issue of the Bonus Warrants. Each Bonus Warrant will also entitle the warrant holder to one (1) free Piggyback Warrant upon the exercise of the Bonus Warrant. Each Piggyback Warrant is exercisable at the exercise price of S$0.011 per new Share at any time within the same exercise period of the Bonus Warrants. The Bonus Warrants are listed on the SGX-Catalist while the Piggyback Warrants are not listed on the SGX-Catalist.

As a result of the 2014 Rights Issue and the Share Consolidation (as described below), the number of and the respective exercise prices of the Bonus Warrants and Piggyback Warrants were adjusted accordingly. As at the Latest Practicable Date, there are a total of 59,531,652 outstanding Bonus Warrants and 9,333,224 Piggyback Warrants, and the exercise prices of the Bonus Warrants and the Piggyback Warrants were adjusted to S$0.20 and S$0.30 respectively. Since the issue of the Bonus Warrants and the Piggyback Warrants and up to the Latest Practicable Date, the Company had raised S$11.05 million from the exercise of these Bonus Warrants and Piggyback Warrants.

In February 2014, SCDPL, a wholly-owned subsidiary of the Company, issued S$5.0 million 18.0% 3-year Exchangeable Notes which are exchangeable into new Shares at the conversion price of S$0.10 per new Share. As at the Latest Practicable Date, these Exchangeable Notes remain outstanding and the Concert Party Group holds S$3.5 million in principal amount of these Exchangeable Notes.

As a result of the 2014 Rights Issue and the Share Consolidation (as described below), the conversion price of the Exchangeable Notes was adjusted from S$0.10 to S$0.06 per new Share. Hence, the Exchangeable Notes are convertible into 83,333,333 new Shares based on the adjusted conversion price of S$0.06 per new Share.

In September 2014, the Company completed its rights issue exercise and raised S$40.6 million in net proceeds through the issue of 14.0 billion rights shares at the issue price of S$0.003 for each rights share, on the basis of twelve (12) rights shares with 12 bonus shares for every one (1) existing Share held ("**2014 Rights Issue**"). The 2014 Rights Issue was approved by Shareholders at the EGM held on 5 August 2014 and Independent Shareholders had approved the whitewash resolution to grant the whitewash waiver to the Concert Party Group arising from its subscription of the rights shares cum bonus shares pursuant to the 2014 Rights Issue.

In November 2014, the Company completed the share consolidation exercise on the basis of every 100 existing shares into one (1) Share ("**Share Consolidation**").

January 2015 to the Latest Practicable Date

In May 2015, the Company raised S$3.9 million through the issue of an 8.0% US$2.0 million profit participating private bond maturing in 2017 to Ms Camielle Fan as a bond subscriber. The bond confers a right to the bondholder to receive in aggregate 30.0% of the total cash received (net of taxes, including but not limited to withholding tax, if any) from the final distribution of net profits derived from property development projects in the USA and attributable directly to the Group's equity participation in these property development projects.

In July 2015, the Company issued 15.0 million new Shares to Mr Ben Fan at the issue price of S$0.081 per Share though a placement exercise, raising gross proceeds of S$1.215 million.

In August 2015, HBD extended an interest-free loan facility of up to US$15.0 million to SeD Home, Inc ("**SeD Home**"), a wholly-owned subsidiary of the Group, to fund the Group's property development projects in the USA. These loans are repayable within six (6) months from the date of the first disbursement of the loans, and may be extended for a further period of six (6) months. However, the Loans maybe repayable on demand by HBD after the extension. As at the Latest Practicable Date, the total amount drawn down from the loan facility was US$10.5 million.

The methods of repayment for the loans include, *inter alia*, setting off against any consideration payable by HBD and/or its nominees for the subscription of Rights Shares pursuant to the Proposed Rights cum Warrants Issue.

Pursuant to the Irrevocable Undertakings, the Concert Party Group will procure the set off of the amounts payable by the Group under the interest-free loans against the amounts payable by the Concert Party Group to the Company for the subscription of 245,000,000 Rights Shares cum 2015 Warrants.

Summary of outstanding options, warrants and convertible securities of the Company

As at the Latest Practicable Date, the Company has the following outstanding options, warrants and convertible securities which are exercisable into new Shares:

	Number of outstanding options, warrants or convertible securities or the equivalent Shares	**Exercise Price**	**Remarks**
Bonus Warrants	59,531,652	S$0.20	The exercise price is substantially higher than the market Share price of S$0.030 as at the Latest Practicable Date and hence is unlikely to be exercised into new Shares in order to participate in the Proposed Rights cum Warrants Issue. In the event that the Bonus Warrants are exercised, the holders will be issued Piggyback Warrants on the basis of one (1) Piggyback Warrant for every one (1) Bonus Warrant exercised.
Piggyback Warrants	9,333,224	S$0.30	The exercise price is substantially higher than the market Share price of S$0.030 as at the Latest Practicable Date and hence is unlikely to be exercised into new Shares in order to participate in the Proposed Rights cum Warrants Issue.
Exchangeable Notes	83,333,333	S$0.06	The exercise price is substantially higher than the market Share price of S$0.030 as at the Latest Practicable Date and hence is unlikely to be converted into new Shares in order to participate in the Proposed Rights cum Warrants Issue.
Options	3,714,667	From S$0.11 to S$0.12	The Options are vested and exercisable between 31 December 2015 and 31 December 2023. In the event the books closure date of the Proposed Rights cum Warrants Issue falls on or after 31 December 2015 when the Options are vested and exercisable into new Shares, these new Shares will be entitled to the Rights Shares. However, as the exercise prices of these Options are all substantially higher than the market Share price of S$0.030 as at the Latest Practicable Date, these Options are unlikely to be exercised into new Shares in order to participate in the Proposed Rights cum Warrants Issue.

The Concert Party Group which holds, in aggregate, 25,904,781 Bonus Warrants, 2,217,391 Piggyback Warrants, S$3.5 million in Exchangeable Notes and 1,061,333 Options has given undertakings that they will not exercise any of its Bonus Warrants, Piggyback Warrants, Exchangeable Notes or Options for the purpose of the Proposed Rights cum Warrants Issue.

If these securities remain outstanding as at the effective date of the Proposed Rights cum Warrants Issue, pursuant to the respective terms of these securities, the existing exercise or conversion price and if applicable, the existing number of securities will be adjusted according to the prescribed formulae as a result of the Proposed Rights cum Warrants Issue. Shareholders should take note of any announcements which may be released by the Company in this regard.

4. INFORMATION ON THE PROPOSED RIGHTS CUM WARRANTS ISSUE

4.1 Detailed terms of the Proposed Rights cum Warrants Issue are set out in the Circular.

The key terms of the Proposed Rights cum Warrants Issue which is on a renounceable and non-underwritten basis are as follows:

(a) five (5) Rights Shares for every one (1) existing Share held by entitled Shareholders as at the books closure date at the Issue Price of S$0.030 for each Rights Share, payable in full on acceptance and/or application; and

(b) one (1) free detachable 2015 Warrants with every one (1) Rights Share subscribed, with each 2015 Warrant carrying the right to subscribe for one (1) new Share at the exercise price of S$0.030 for each new Share at any time during the exercise period of five (5) years from the date of issue of the 2015 Warrants.

The Issue Price of S$0.030 per Rights Share represents a discount of approximately 63.9% to the last transacted Share price of S$0.083 prior to the Announcement Date, and a discount of approximately 22.7% to the theoretical ex-rights price ("**Theoretical Ex-Rights Price**") of S$0.0388 per Share.

We note that the market Share price appeared to have reacted negatively to the announcement of the Proposed Rights cum Warrants Issue and the Shares were last transacted at S$0.030 as at the Latest Practicable Date. As a result, the Issue Price is at the last transacted Share price of S$0.030 on the Latest Practicable Date and represents zero discount to the above last transacted Share price.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

The 2015 Warrants will be issued in registered form and will be constituted by the Deed Poll which sets out the terms and conditions of the 2015 Warrants including the adjustments formulae to the Exercise Price and the number of the 2015 Warrants under circumstances which include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues and certain capital distributions. Any additional 2015 Warrants issued pursuant to such adjustments shall rank *pari passu* with the 2015 Warrants and will for all purposes form part of the same series.

The new Shares arising from the exercise of the 2015 Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the record date for which falls before the date of exercise of the 2015 Warrants.

The terms and conditions of the Proposed Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights cum Warrants Issue will be contained in the offer information statement (including the accompanying application forms) ("**OIS**") to be despatched by the Company to the Shareholders if Shareholders approve the Proposed Rights cum Warrants.

4.2 The Proposed Rights cum Warrants Issue is subject to, *inter alia*, the following:

(i) Shareholders' approval for the Proposed Rights cum Warrants Issue at the EGM;

(ii) SGX-ST's approval in-principle for the listing and quotation of the Rights Shares, 2015 Warrants and the new Shares to be issued upon the exercise of the 2015 Warrants on the SGX-Catalist; and

(iii) the lodgement of the OIS, together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore ("**MAS**").

It should be noted that the 2015 Warrants may not be listed and quoted on the SGX-Catalist if there is an insufficient spread of holdings for the 2015 Warrants to provide for an orderly market in the trading of the 2015 Warrants. As a guide, the SGX-ST expects at least 100 holders of the 2015 Warrants ("**Warrant Holders**") for a class of company warrants to be listed on the SGX-Catalist. If the 2015 Warrants are not listed and quoted on the SGX-Catalist, Warrant Holders will not be able to trade their 2015 Warrants on the SGX-Catalist.

4.3 As at the Latest Practicable Date, the Company has an issued share capital comprising 300,295,850 Shares ("**Existing Issued Shares**").

We note that (a) the Shares were last transacted at the Issue Price; and (b) the Bonus Warrants, Piggyback Warrants, Exchangeable Notes and Options are all "out-of-the-money", that is, the respective exercise or conversion prices of these outstanding convertible securities are above the market Share price.

As such, there is a possible scenario ("**Possible Scenario**") that: (i) subscription levels for the Rights Shares may be low, other than the support from the Concert Party Group which has given Irrevocable Undertakings to subscribe for 245,000,000 Rights Shares with the 2015 Warrants, out of its full entitlement of 425,000,000 Rights Shares with the 2015 Warrants; and (ii) none of the Bonus Warrants, Piggyback Warrants, Exchangeable Notes or Options will be exercised or converted into new Shares in order to participate in the Proposed Rights cum Warrants Issue.

Under the Possible Scenario, the Company will issue only 245,000,000 Rights Shares and 245,000,000 2015 Warrants. Accordingly, the Concert Party Group will increase its shareholding interest in the Company from 28.3% to 60.5% (before the exercise of the 2015 Warrants) and to 72.8% (after the exercise of the 2015 Warrants). The Company will raise gross proceeds of S$7.35 million before the exercise of the 2015 Warrants, and another S$7.35 million upon the exercise of all the 2015 Warrants.

As the Concert Party Group will cross the Mandatory Offer Threshold of 30.0%, it has sought the approval from the SIC for the Proposed Whitewash Waiver to be subject to the approval of the Independent Shareholders at the forthcoming EGM.

However, in the event that the Independent Shareholders subscribe for all the remaining Rights Shares not subscribed to by the Concert Party Group, the Proposed Rights cum Warrants Issue will be fully subscribed and the Company will issue a total of 1,501,479,250 Rights Shares and 1,501,479,250 2015 Warrants ("**Fully Subscribed Scenario**").

Under the Fully Subscribed Scenario, the Concert Party Group will see its shareholding interest diluted from 28.3% to 18.3% (before the exercise of the 2015 Warrants) and to 17.4% (after the exercise of the 2015 Warrants). The Company will raise gross proceeds of S$45.0 million and another S$45.0 million after the exercise of the 2015 Warrants.

We note that in Section 7.2 of the Circular, the Company has defined Maximum Scenario and Minimum Scenario on the assumption that all the outstanding Bonus Warrants, Piggyback Warrants and Exchangeable Notes are exercised or converted into new Shares to participate

in the Proposed Rights cum Warrants Issue, save for the Concert Party Group's holdings of its Bonus Warrants, Piggyback Warrants and Exchangeable Notes.

For the Maximum Scenario as disclosed in the Circular, the Company has assumed that the Concert Party Group subscribes to its full *pro-rata* entitlement of 425,000,000 Rights Shares with 2015 Warrants, notwithstanding the Irrevocable Undertakings. The Company also assumed that only the Concert Party Group will exercise its entire entitlement of the 2015 Warrants. As a result, the issue size and shareholding impact under the Maximum Scenario is different from our Fully Subscribed Scenario.

The key differences of the scenarios described in the Circular and in this Letter are as follows:

	Minimum Scenario As described in the Circular	**Possible Scenario As described in this Letter**
No. of issued Shares (before the Proposed Rights cum Warrants Issue)	399,665,425	300,295,850
No. of Rights Shares	245,000,000	245,000,000
Enlarged number of issued Shares after the Proposed Rights cum Warrants Issue:		
– before the exercise of the 2015 Warrants; and	644,665,425	545,295,850
– after the exercise of the 2015 Warrants.	889,665,425	790,295,850
Concert Party Group's shareholding interest:		
– before the subscription of the Rights Shares;	21.3%	28.3%
– after the subscription of the Rights Shares but before the exercise of the 2015 Warrants; and	51.2%	60.5%
– after the exercise of the 2015 Warrants.	64.6%	72.8%
Gross proceeds raised:		
– before the exercise of the 2015 Warrants; and	S$7.35 million	S$7.35 million
– after the exercise of the 2015 Warrants.	S$14.70 million	S$14.70 million

	Maximum Scenario As described in the Circular	**Fully Subscribed Scenario As described in this Letter**
No. of issued Shares (before the Proposed Rights cum Warrants Issue)	399,665,425	300,295,850
No. of Rights Shares	1,998,327,125	1,501,479,250
Enlarged number of issued Shares after the Proposed Rights cum Warrants Issue:		
– before the exercise of the 2015 Warrants; and	2,397,992,550	1,801,775,100
– after the exercise of the 2015 Warrants.	2,822,992,550 (only by the Concert Party Group)	3,303,254,350
Concert Party Group's shareholding interest:		
– before the subscription of the Rights Shares;	21.3%	28.3%
– after the subscription of the Rights Shares but before the exercise of the 2015 Warrants; and	21.3%	18.3%
– after the exercise of the 2015 Warrants.	33.1% (only by the Concert Party Group)	17.4%
Gross proceeds raised:		
– before the exercise of the 2015 Warrants; and	S$59.95 million	S$45.04 million
– after the exercise of the 2015 Warrants.	S$72.70 million (only by the Concert Party Group)	S$90.09 million

5. IRREVOCABLE UNDERTAKINGS

5.1 Details of the Irrevocable Undertakings

As at the Latest Practicable Date, the Concert Party Group collectively holds 85.0 million Shares, representing approximately 28.3% of the issued share capital of the Company. As an indication of their support and commitment to the Company, the Concert Party Group has given Irrevocable Undertakings pursuant to which it has, subject to certain conditions, irrevocably undertaken to the Company that, *inter alia*;

(a) apply and subscribe for and/or procure applications and subscriptions for and pay for and/or procure the payment for 245,000,000 Rights Shares with 2015 Warrants under the Proposed Rights cum Warrants Issue; and

(b) ensure that it shall not, without the prior written consent of the Company, sell, transfer or otherwise dispose of all or any of its legal or beneficial interest in the Shares that it currently legally and beneficially owns prior to the books closure date; and

(c) procure to set off the subscription monies for the payment of 245,000,000 Rights Shares totalling S$7.35 million against part of the outstanding amount of the interest-free loan extended by HBD to the Group for the subscription of its entitlements under the Proposed Rights cum Warrants Issue.

As at the Latest Practicable Date, the outstanding interest-free loans extended by HBD to SeD Home is US$10.5 million. The interest-free loan facility was extended to the Group in August 2015 after the announcement of the Proposed Rights cum Warrants Issue.

5.2 Conditions of the Irrevocable Undertakings

The Irrevocable Undertakings are conditional upon, *inter alia*, the following:

(a) the Proposed Whitewash Waiver granted by the SIC on 5 October 2015 not having been withdrawn or revoked as at the date of completion of the Proposed Rights cum Warrants Issue;

(b) the Proposed Rights cum Warrants Issue being approved by Shareholders at the EGM;

(c) the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM;

(d) SGX-ST's approval in-principle for the listing and quotation of the Rights Shares, 2015 Warrants and the new Shares to be issued upon the exercise of the 2015 Warrants; and

(e) the lodgement of the OIS with the SGX-ST acting as agent on behalf of the MAS.

6. THE WHITEWASH RESOLUTION

6.1 Mr Chan and HBD are parties acting in concert and have been defined as the Concert Party Group. As at the Latest Practicable Date, the Concert Party Group holds 85.0 million Shares representing approximately 28.3% of the existing issued share capital of the Company. As disclosed in Section 1 of this Letter, the Concert Party Group also holds convertible securities and options which are convertible or exercisable into new Shares. However, for the purpose of the Proposed Rights cum Warrants Issue, the Concert Party Group has given undertakings that it will not exercise or convert any of these securities into new Shares in order to participate in the Proposed Rights cum Warrants Issue.

There are scenarios where the subscription of the Rights Shares by the Concert Party Group may cross the Mandatory Offer Threshold, for example, under the Possible Scenario, which will result in the Concert Party Group being required to make a Mandatory Offer unless such requirement is waived by the SIC.

Accordingly, an application was made to the SIC for the Proposed Whitewash Waiver. The SIC had, on 5 October 2015, granted the Proposed Whitewash Waiver, subject to the satisfaction of certain conditions ("**SIC Conditions**"), including, *inter alia*, the following:

(i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of Rights Shares to the Concert Party Group, a resolution by way of a poll, to waive their rights to receive a general offer from the Concert Party Group;

(ii) the Proposed Whitewash Resolution is separate from other resolutions;

(iii) the Concert Party Group as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

(iv) the Concert Party Group did not acquire and are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):

  (a) during the period between the Announcement Date and the date that Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

  (b) in the six (6) months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Rights cum Warrants Issue;

(v) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Proposed Whitewash Resolution;

(vi) the Company sets out clearly in its circular to Shareholders:

  (a) details of the Proposed Rights cum Warrants Issue;

  (b) the possible dilution effect to existing holders of voting rights of the Company upon the subscription of the Rights Shares by the Concert Party Group;

  (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into rights to subscribe for and options in respect of Shares held by the Concert Party Group as at the Latest Practicable Date;

  (d) the number and percentage of voting rights to be issued to the Concert Party Group as a result of their subscription for the Rights Shares;

(e) specific and prominent reference to the fact that the subscription by the Concert Party Group of the Rights Shares might result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company based on its enlarged issued share capital and the fact that the Concert Party Group would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

(f) that the Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Concert Party Group at the highest price paid by the Concert Party Group for Shares in the past six (6) months preceding the commencement of the Proposed Rights cum Warrants Issue;

(vii) the Circular by the Company to the Shareholders states that the waiver granted by the SIC to the Concert Party Group from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs (i) to (vi) above;

(viii) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and

(ix) to rely on the Proposed Whitewash Resolution, the acquisition of Rights Shares by the Concert Party Group under the Proposed Rights cum Warrants Issue must be completed within three (3) months of the date of approval of the Proposed Whitewash Resolution.

All the above conditions imposed by the SIC, except for the conditions in (i), (iii) and (ix), have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 3 in the Notice of EGM, included in the Circular.

The Independent Directors should advise the Independent Shareholders that:

(aa) by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 3), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and

(bb) that the acquisition of the Rights Shares with 2015 Warrants by the Concert Party Group and acquisition of the new Shares by the Concert Party Group pursuant to the exercise of the 2015 Warrants might result in the Concert Party Group carrying over 49.0% of the voting rights of the Company based on its enlarged issued capital and that the Concert Party Group would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer.

6.2 Proposed Whitewash Waiver in respect to only the 245,000,000 Rights Shares, 245,000,000 2015 Warrants and 245,000,000 new Shares upon the exercise of the 2015 Warrants

The Concert Party Group's entitlement pursuant to the Proposed Rights cum warrants Issue is 425,000,000 Rights Shares cum 2015 Warrants based on its shareholding interest of 85,000,000 Shares as at the Latest Practicable Date. The Concert Party Group has given the Irrevocable Undertakings to subscribe to 245,000,000 Rights Shares cum 2015 Warrants. The Proposed Whitewash Waiver approved by the SIC was for the Concert Party Group's subscription for 245,000,000 Rights Shares cum 2015 Warrants.

Arising from the above, it has been highlighted to the Concert Party Group and the Concert Party Group is aware that the waiver from any Mandatory Offers is only with respect to the subscription of the 245,000,000 Rights Shares cum 245,000,000 2015 Warrants and any of the new Shares to be issued to the Concert Party Group upon the exercise of these 2015 Warrants. Such Proposed Whitewash Waiver approval is not transferable.

As a result of the above, the Concert Party Group has undertaken to the Company that it will not exercise or convert any of its holdings of convertible securities into new Shares until after the completion of the Proposed Rights and Warrants Issue and the issue of the Rights Shares and 2015 Warrants.

6.3 The Proposed Rights cum Warrants Issue is not conditional upon the Proposed Whitewash Resolution

The Company has confirmed to us that it will proceed with the Proposed Rights cum Warrants Issue upon obtaining Shareholders' approval for the same regardless of whether or not the Proposed Whitewash Resolution is approved by the Independent Shareholders. In addition, we note that the Concert Party Group is eligible to vote on the resolution for the Proposed Rights cum Warrants Issue. The Proposed Rights cum Warrants Issue is therefore not conditional upon the Proposed Whitewash Resolution.

However, if the Proposed Rights cum Warrants Issue is not approved by Shareholders at the EGM, the Proposed Whitewash Resolution will not be carried out.

7. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

(a) rationale for the Proposed Rights cum Warrants Issue and the use of proceeds;

(b) the Rights Shares cum 2015 Warrants being offered to all entitled Shareholders on a *pro-rata* basis;

(c) assessment of the Issue Price of the Rights Shares and the terms of the 2015 Warrants;

(d) financial effects of the Proposed Rights cum Warrants Issue;

(e) dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders;

(f) the Proposed Rights cum Warrants Issue is not conditional upon the Proposed Whitewash Resolution;

(g) Mr Chan remains as the key driver of the Company; and

(h) support from the Concert Party Group for the Proposed Rights cum Warrants Issue.

7.1 Rationale for the Proposed Rights cum Warrants Issue and the use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Rights cum Warrants Issue or the future prospects of the Group after the Proposed Rights cum Warrants Issue. Nevertheless, we have reviewed the rationale for the Proposed Rights cum Warrants Issue. The full text of the rationale for the Proposed Rights cum Warrants Issue is set out in Section 5.8 of the Circular.

The Proposed Rights cum Warrants Issue will raise additional funds to strengthen the capital base of the Company and better position the Group to take advantage of opportunities in Property Development Business, Information Technology Business and the expanded

Investment Business (all as defined in the Circular). The net proceeds will be used in the following proportion:

Use of Proceeds	**Percentage of Net Proceeds (%)**
Property Development Business (existing projects)	20 – 60
Property Development Business (redemption of liabilities and new projects)	0 – 20
Information Technology Business (existing projects)	10 – 25
Information Technology Business (new projects)	0 – 25
Investment Business	4 – 30
Discharge of obligations under the Group's legacy Construction Business	3 – 5
General working capital	5 – 15
Total	**100**

Please refer to Section 5.8 of the Circular for more information on the breakdown of the use of proceeds for the Proposed Rights cum Warrants Issue.

7.2 The Rights Shares cum 2015 Warrants being offered to entitled Shareholders on a *pro-rata* basis

The Rights Shares cum 2015 Warrants are being offered on a *pro-rata* basis to entitled Shareholders who will get the right of first refusal to subscribe to the Rights Shares based on their provisional allotment of the Rights Shares. In addition, entitled Shareholders can apply for additional Rights Shares in excess of their entitlements subject to availability. In the allotment of excess Rights Shares, Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company will be ranked last in priority for the rounding of odd lots and allotment of excess Rights Shares. Hence, the Independent Shareholders are not being prejudiced in the allocation of their application for the excess Rights Shares.

In the case of Foreign Shareholders who are not entitled to the provisional allotments of the Rights Shares, in order to avoid violation of securities legislation applicable in their countries, it is stated in Section 5.7 of the Circular that if it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares cum 2015 Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of the Rights Shares cum 2015 Warrants commence. The net proceeds arising from the above will be dealt with in accordance with the terms set out in the OIS to be issued by the Company for the Proposed Rights cum Warrants Issue.

7.3 Assessment of the Issue Price of the Rights Shares and the terms of the 2015 Warrants

The Issue Price of the Rights Shares is S$0.030 per Rights Share.

The Exercise Price of the 2015 Warrants is also set at S$0.030 per new Share. Warrant Holders can exercise the Warrants at any time from and including the date of issue of the 2015 Warrants up to 5.00 p.m. on the date immediately preceding the 5th anniversary of the date of issue of the 2015 Warrants.

(1) In assessing the Issue Price and Exercise Price, we have considered the historical trading performance of the Shares;

(2) We have also compared the discount/premium of the Issue Price to the Theoretical Ex-Rights Price with the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST; and

(3) In addition, we have considered the valuation of the 2015 Warrants using the theoretical value of the 2015 Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants.

7.3.1 Market quotation and trading activity of the Shares

In assessing the Issue Price and Exercise Price, we have compared the Issue Price and Exercise Price against the historical market price performance of the Shares and the historical share trading volume from 27 July 2014, being the 1-year period prior to the Announcement Date, and up to the Latest Practicable Date. The Rights Issue was announced before the commencement of market trading on 27 July 2015. We set out below a chart showing the Issue Price and Exercise Price relative to the daily last transacted prices and trading volume of the Shares from 27 July 2014 to the Latest Practicable Date ("**Period Under Review**"):

Price movement and traded volume of the Shares from 27 July 2014 to the Latest Practicable Date



Source: *Bloomberg L.P.*

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

	Share price ($)	Premium/(Discount) of the Issue Price and Exercise Price over / to the Share price (%)	Average daily trading volume[2]
Period Under Review			
VWAP [1]	0.132	(77.3)	514,597
Lowest	0.024	8.7	
Highest	0.600	(95.0)	
Last transacted price on 24 July 2015 prior to the Announcement Date	0.083	(63.9)	200
Last transacted price on the Latest Practicable Date	0.030	–	40,000

Source: *Bloomberg L.P.*

Notes:

(1) The volume-weighted average price ("**VWAP**") for the Period Under Review is calculated based on the daily VWAP of the Shares as extracted from Bloomberg L.P. for the trading days for the Period Under Review. Off market transactions are excluded from calculation; and

(2) The average traded volume of the Shares is computed based on the total volume of Shares traded during the relevant periods, divided by the number of trading days (excluding trading days with full day trading halts) during that period.

Based on the above, we note the following:

(i) during the Period Under Review, the Shares have traded between a low of S$0.024 and a high of S$0.600. The Issue Price and Exercise Price represent a premium of S$0.006 (or 8.7%) above the lowest transacted price of the Shares and a discount of S$0.570 (or 95.0%) to the highest transacted price of the Shares;

(ii) the Issue Price and Exercise Price represent a discount of 77.3% to the VWAP of the Shares at S$0.132 for the Period Under Review. However, in view of the size of the Proposed Rights cum Warrants Issue, the discount is only approximately 22.7% to the Theoretical Ex-Rights Price of S$0.0388; and

(iii) Immediately following the announcement of the Proposed Rights cum Warrants Issue, the Share price appeared to have reacted negatively and has trended towards the Issue Price and Exercise Price even before the Shares have gone on an ex-Rights basis. As at the Latest Practicable Date, the Shares were last transacted at S$0.030. As a result, the Issue Price is at the last transacted Share price and represent zero discount to the above last transacted Share price.

If benchmarked against the market Share price and the Theoretical Ex-Rights Price just prior to the announcement of the Proposed Rights cum Warrants Issue, the 2015 Warrants would have been "in-the-money" as the Exercise Price of the Warrants at S$0.03 is below the market Share price of S$0.083 and the Theoretical Ex-Rights Price of S$0.0388. However, based on the last transacted Share price of S$0.030 as at the Latest Practicable Date, the 2015 Warrants are now "at-the-money".

7.3.2 Statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price, we have also looked at the salient statistics of selected completed renounceable rights issues of shares by companies (excluding real estate and business trusts) listed on the SGX-Mainboard and the SGX-Catalist, that were announced since 28 July 2014 and up to the Latest Practicable Date, being the Period Under Review.

Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the above companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discount to theoretical ex-rights prices may not be directly comparable to the Proposed Rights cum Warrants Issue and should not be conclusively relied upon.

Name of Issuer	Date of announcement	Terms of rights issue	Issue price of rights share (S$)	Last trading price prior to announcement (S$)	Theoretical ex-rights price (S$)	Discount to theoretical ex-rights price (%)
Broadway Industrial Group Limited	1 Aug 2014	2 for 15	0.180	0.2650	0.2550	(29.4)
Jubilee Industries Holdings Ltd.[1][2]	12 Aug 2014	1 for 2	0.060	0.077	0.0713	(15.9)
Oversea-Chinese Banking Corporation Limited	18 Aug 2014	1 for 8	7.650	10.200	9.9167	(22.9)
Hoe Leong Corporation Ltd.	28 Aug 2014	3 for 4	0.046	0.130	0.0940	(51.1)
JB Foods Limited	2 Sep 2014	1 for 2	0.120	0.200	0.1733	(30.8)
Yoma Strategic Holdings Ltd.	3 Sep 2014	1 for 3	0.380	0.710	0.6275	(39.4)
Singapura Finance Ltd	8 Sep 2014	1 for 1	1.000	1.550	1.2750	(21.6)
Tiger Airways Holdings Limited	17 Oct 2014	85 for 100	0.200	0.328	0.2692	(25.7)
Singapore Medical Group Limited[1]	4 Nov 2014	1 for 10	0.153	0.180	0.1775	(13.8)
Pacific Andes Resources Development Limited	25 Nov 2014	4 for 5	0.051	0.108	0.0827	(38.3)
Del Monte Pacific Limited	22 Dec 2014	493 for 1,000	0.325	0.470	0.4090	(20.5)
Lasseters International Holdings Limited[1]	29 Dec 2014	1 for 1	0.060	0.092	0.0760	(21.1)
Swiber Holdings Limited	30 Dec 2014	1 for 2	0.150	0.295	0.2467	(39.2)
Lorenzo International Limited	30 Dec 2014	1 for 2	0.070	0.094	0.0860	(18.6)
Great Group Holdings Limited	31 Dec 2014	7 for 1	0.005	0.040	0.0094	(46.7)
Elektromotive Group Limited[1][3]	20 Jan 2015	1 for 1	0.0045	0.007	0.0058	(21.7)
China Fishery Group Limited	11 Feb 2015	4 for 5	0.173	0.260	0.2213	(21.8)
GKE Corporation Limited[1]	27 Feb 2015	2 for 5	0.070	0.077	0.0750	(6.7)
Edition Ltd.[1]	12 Mar 2015	8 for 1	0.010	0.023	0.0114	(12.6)
IEV Holdings Limited[1]	27 Mar 2015	1 for 2	0.070	0.105	0.0870	(19.5)
Cityneon Holdings Limited	2 Apr 2015	1 for 1	0.180	0.260	0.2200	(18.2)
Ezra Holdings Limited	30 May 2015	190 for 100	0.105	0.290	0.1710	(38.6)
Yamada Green Resources Limited	8 Jun 2015	1 for 2	0.070	0.124	0.1060	(34.0)
KrisEnergy Ltd.	15 Jun 2015	42 for 100	0.385	0.445	0.4273	(9.9)
Jardine Cycle & Carriage Limited	18 Jun 2015	1 for 9	26.000	36.060	35.0540	(25.8)
Luzhou Bio-Chem Technology Limited	18 Jun 2015	1 for 2	0.030	0.033	0.032	(6.3)
Blumont Group Ltd.	25 Jun 2015	1 for 2	0.0068	0.009	0.0083	(18.2)

Name of Issuer	Date of announcement	Terms of rights issue	Issue price of rights share (S$)	Last trading price prior to announcement (S$)	Theoretical ex-rights price (S$)	Discount to theoretical ex-rights price (%)
Serrano Limited[1]	29 Jun 2015	1 for 1	0.070	0.180	0.125	(44.0)
Metech International Limited[1][4]	10 Jul 2015	1 for 2	0.003	0.005	0.0043	(30.8)
Heeton Holdings Limited	12 Aug 2015	1 for 3	0.493	0.580	0.5583	(11.7)
High						(6.3)
Low						(51.1)
Mean						(25.2)
Median						(21.8)
The Company[1]	**27 Jul 2015 (Announcement Date)**	**5 for 1**	**0.030**	**0.083**	**0.038**	**(22.7)**

Source: *Respective announcements and public documents of the above companies, the SGX-ST website and Bloomberg.*

Notes:

(1) These are Catalist-listed companies;

(2) On 12 August 2014, Jubilee Industries Holdings Ltd. announced a rights cum warrants issue on the basis of one (1) rights share with one (1) free detachable warrant for every two (2) existing ordinary shares in the capital of the company;

(3) On 20 January 2015, Elektromotive Group Limited announced a rights cum warrants issue on the basis of one (1) rights share with two (2) free detachable warrants for every one (1) existing ordinary share in the capital of the company; and

(4) On 10 July 2015, Metech International Limited announced a rights cum warrants issue on the basis of one (1) rights share with one (1) free detachable warrant for every two (2) existing ordinary shares in the capital of the company.

As observed from the above rights issue statistics, the discount of 22.7% of the Issue Price to the Theoretical Ex-Rights Price is within the range of the discounts and slightly below the mean and near the median of the discounts of the rights issue statistics.

However, taking into consideration the Share price performance post announcement of the Proposed Rights cum Warrants Issue, the Issue Price is now at the last transacted Share price of S$0.030 on the Latest Practicable Date and represent zero discount to the above last transacted Share price.

The subscription by the Concert Party Group at the market Share price is not prejudicial to the interest of the Company and its Shareholders although the market appeared to have reacted negatively to the Company's proposed fund raising exercise as seen by the performance of the Shares post the Announcement Date.

7.3.3 Valuation of the 2015 Warrants

The 2015 Warrants are issued free with the Rights Shares on the basis of one (1) free detachable Warrant for every one (1) Rights Share subscribed. We have considered the valuation of the 2015 Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the Exercise Price *vis-à-vis* the current price of the underlying Shares, the exercise period of the Warrants, the nature of the call option whether it is an European call option (which is only exercisable on a predetermined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the Warrant), the risk-free interest rate, the dividend yield of the Shares and the price volatility of the underlying Shares.

Based on the risk-free interest rate, the dividend yield of the Shares and the historical price volatility of the Shares, as provided by Bloomberg L.P. at the Announcement Date, the theoretical value of the Warrants with an American call option with an exercise period of five (5) years at an exercise price of S$0.030 and the last transacted price of the Shares of S$0.083 prior to the Announcement Date, the theoretical value of the 2015 Warrant was approximately S$0.0829. We note that the 2015 Warrant was then already "in-the-money" by S$0.053, being the difference between the market Share price and the Exercise Price. Hence, the implied time value of the 2015 Warrants is approximately S$0.030 per Warrant.

However, following the announcement of the Proposed Rights cum Warrants Issue and up to the Latest Practicable Date, the market Share price has been trading around and slightly below S$0.030. The 2015 Warrants are currently "at-the-money" as the Exercise Price is at the market Share price as at the Latest Practicable Date.

We re-calculated the value of the 2015 Warrants using the current market Share price of S$0.030 as at the Latest Practicable Date. Based on the Black-Scholes model, the value of the 2015 Warrants is $0.030 per Warrant.

It should be noted that the theoretical value of the call option using the Black-Scholes model may not reflect the actual value of the 2015 Warrants to be transacted on the SGX-Catalist (if the 2015 Warrants are listed on the SGX-Catalist), and there can be no assurance that an active trading of the 2015 Warrants will trade at or close to the theoretical value as suggested by the Black-Scholes model.

The following charts as extracted from Bloomberg L.P. show the theoretical value of the 2015 Warrants as at (a) 24 July 2015, being the last trading day prior to the announcement of the Proposed Rights cum Warrants Issue (Chart 1); and (b) the Latest Practicable Date (Chart 2), based on the terms of the 2015 Warrants:

Chart 1

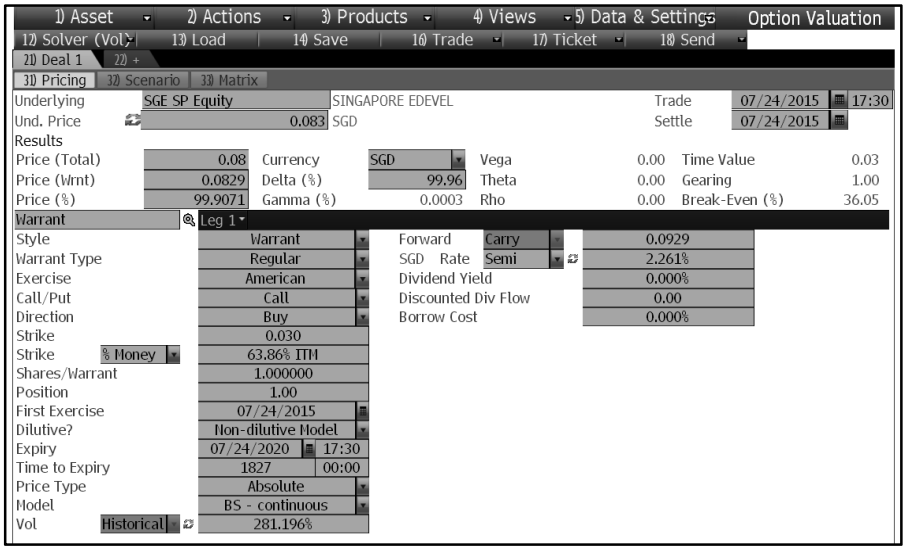
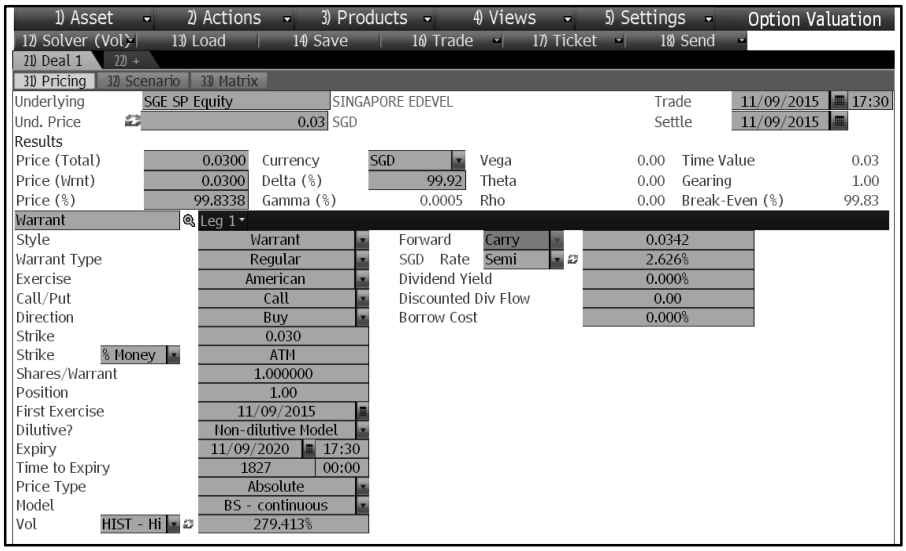


Chart 2



7.4 Financial effects of the Proposed Rights cum Warrants Issue

Details on the financial effects of the Proposed Rights cum Warrants Issue on the Group are set out in Section 5.13 of the Circular and are based on the financial statements of the Group for FY2014 and various assumptions. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Rights cum Warrants Issue.

In summary, based on the audited financial statements for FY2014, we note the following:

(a) the number of issued Shares and the issued share capital of the Company is dependent on the number of Rights Shares subscribed by Shareholders. In the event the Proposed Rights cum Warrants Issue is fully subscribed, the number of issued Shares and the issued share capital of the Company will increase significantly. Upon the exercise of the 2015 Warrants, the issued share capital of the Company will increase further;

(b) if the Proposed Rights cum Warrants Issue is subscribed in full, the NTA per Share will be diluted significantly after the Proposed Rights cum Warrants Issue due mainly to the size of the Proposed Rights cum Warrants Issue, and the Issue Price and Exercise Price being set at significant discounts to the NTA per Share of S$0.0764 as at 31 December 2014. The extent of the dilution to the NTA per Share will depend on the actual subscription level of the Rights Shares and the exercise of the 2015 Warrants;

(c) the Proposed Rights cum Warrants Issue will have a dilutive effect on the loss per Share immediately after the Proposed Rights cum Warrants Issue and in the event that future earnings do not increase to a level that is commensurate with the earnings dilution arising from the enlarged issued Shares after the Proposed Rights cum Warrants Issue. The future effect of the Proposed Rights cum Warrants Issue on the Group's earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of the Rights Shares and is not determinable at this point in time; and

(d) the gearing ratio of the Group will improve as a result of the increase in shareholders' equity from the net proceeds of the Rights Shares and will improve further when the 2015 Warrants are exercised into new Shares. For the purpose of computing gearing ratio, the Company had used the ratio of the Group's total borrowings to total capital (comprising shareholders' funds and total borrowings).

7.5 Dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders

Mr Chan is presently deemed the largest substantial Shareholder, holding an interest of 28.3% of the issued share capital of the Company as at the Latest Practicable Date. The remaining 71.7% Shares are held by Independent Shareholders.

Independent Shareholders will suffer a dilution in their shareholdings in the Company if (i) they do not subscribe to their full entitlements of the Rights Shares cum 2015 Warrants; and/or (ii) they do not subsequently exercise their 2015 Warrants into new Shares, in tandem with the Concert Party Group's subscription of its 245,000,000 Rights Shares and exercise of its 2015 Warrants.

In evaluating the dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders, we have made the following assumptions:

(i) there is no change to the Existing Issued Share Capital of 300,295,850 Shares, that is, the outstanding Bonus Warrants, Piggyback Warrants, Exchangeable Notes and Options will not be exercised or converted into new Shares to participate in the Proposed Rights cum Warrants Issue; and

(ii) the Proposed Whitewash Resolution is passed by the Independent Shareholders.

We have considered the following key scenarios:

Scenario	Description	Remarks
Scenario A *(Possible Scenario)*	Where only the Concert Party Group subscribe to 245,000,000 Rights Shares and none of the Independent Shareholders subscribe to their entitlements. In this scenario, there will be a significant shortfall in the take-up of the Rights Shares of 1,256.5 million Rights Shares.	Please see Table A below.
Scenario B	Where the Concert Party Group subscribe to 245,000,000 Rights Shares and the Independent Shareholders subscribe only to their full entitlements. In this scenario, there will be a shortfall of 180 million Rights Shares.	Please see Table B below.
Scenario C *(Fully Subscribed Scenario)*	Where the Concert Party Group subscribe to 245,000,000 Rights Shares and the Independent Shareholders subscribe to all the remaining Shares, that is, they subscribed to their full entitlements as well as applied for excess Rights Shares such that the entire Proposed Rights cum Warrants Issue is fully subscribed.	Please see Table C below.

Table A – Scenario A (Possible Scenario)

	Before the Proposed Rights cum Warrants Issue		After the Proposed Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of 2015 Warrants)	%	Shares held (full exercise of 2015 Warrants)	%
Concert Party Group	85,000,000	28.3	330,000,000	60.5	575,000,000	72.8
Independent Shareholders	215,295,850	71.7	215,295,850	39.5	215,295,850	27.2
Total	**300,295,850**	**100.0**	**545,295,850**	**100.0**	**790,295,850**	**100.0**

Table B – Scenario B

	Before the Proposed Rights cum Warrants Issue		After the Proposed Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of 2015 Warrants)	%	Shares held (full exercise of 2015 Warrants)	%
Concert Party Group	85,000,000	28.3	330,000,000	20.3	575,000,000	19.5
Independent Shareholders	215,295,850	71.7	1,291,775,100	79.7	2,368,254,350	80.5
Total	**300,295,850**	**100.0**	**1,621,775,100**	**100.0**	**2,943,254,350**	**100.0**

Table C – Scenario C (Fully Subscribed Scenario)

	Before the Proposed Rights cum Warrants Issue		After the Proposed Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of 2015 Warrants)	%	Shares held (full exercise of 2015 Warrants)	%
Concert Party Group	85,000,000	28.3	330,000,000	18.3	575,000,000	17.4
Independent Shareholders	215,295,850	71.7	1,471,775,100	81.7	2,728,254,350	82.6
Total	**300,295,850**	**100.0**	**1,801,775,100**	**100.0**	**3,303,254,350**	**100.0**

Based on the above scenarios, we note the following:

Scenario A (Possible Scenario)

Under Scenario A, the take-up of the Rights Shares will be low as only the Concert Party Group subscribes to 245,000,000 Rights Shares and there will be a significant shortfall in the take-up of the Rights Shares of 1,256.5 million Rights Shares. This scenario is possible in view of the negative reaction of the Share price performance post announcement of the Proposed Rights cum Warrants Issue. As at the Latest Practicable Date, the Share price had traded at the Issue Price. As a result, the Proposed Rights cum Warrants Issue may not be seen as attractive when compared to other rights issues with a discount commonly ranging between 20.0% and 35.0% to the theoretical ex-rights price. However, the 2015 Warrants have some option value of approximately S$0.030 per Warrant as the exercise period is up to five (5) years as shown in Section 7.3.3 of this Letter.

Under this scenario, the Concert Party Group's shareholding interest in the Company will increase from 28.3% to 60.5% immediately after the Proposed Rights cum Warrants Issue and the Independent Shareholders will have their aggregate shareholding interests diluted from 71.7% to 39.5% immediately after the Proposed Rights cum Warrants Issue.

Upon the exercise of all of the 2015 Warrants, the Concert Party Group's shareholding interest in the Company will increase further from 60.5% to 72.8% and the Independent Shareholders will have their aggregate shareholding interests diluted further from 39.5% to 27.2%.

The Company will raise gross proceeds of S$7.35 million from the subscription of the Rights Shares. Upon the exercise of the 2015 Warrants, the Company will raise an additional S$7.35 million in gross proceeds, bringing the total amount of gross proceeds raised to S$14.7 million.

Independent Shareholders should note that the Proposed Whitewash Waiver, if approved at the forthcoming EGM, will waive the requirement of the Concert Party Group from making the Mandatory Offer for all the remaining Shares at the highest price paid or agreed to be paid by the Concert Party Group in the last six months. As the Concert Party Group had not acquired any Shares in the last six months, the offer price to be made by the Concert Party Group if a hypothetical Mandatory Offer is to be made will be at S$0.030 for each Share.

We note that the hypothetical offer price of S$0.030 is unattractive and therefore not fair and reasonable as it is substantially below the NTA per Share of the Group of S$0.0750 as at 30 June 2015. Hence, seen from that perspective and in view that all Shareholders are entitled to participate in the Proposed Rights cum Warrants Issue at the same price, the Proposed Whitewash Waiver is fair and reasonable and is not prejudicial to the interests of the Independent Shareholders.

Independent Shareholders should also note that subscription of the Rights Shares and the exercise of the 2015 Warrants into new Shares may result in the Concert Party Group holding over 49.0% of the enlarged issued Shares. In such a circumstance, the Concert Party Group can thereafter be free to acquire further Shares without incurring any Mandatory Offer obligations.

Scenario B

Under Scenario B, the take-up of Rights Shares is much higher, save for the shortfall of 180,000,000 Rights Shares, being a portion of the entitlement not taken up by the Concert Party Group.

As a result, the Concert Party Group's shareholding interest in the Company will be diluted slightly from 28.3% to 20.3% immediately after the Proposed Rights cum Warrants Issue and the Independent Shareholders will have their aggregate shareholding interests increased slightly from 71.7% to 79.7% immediately after the Proposed Rights cum Warrants Issue.

Upon the exercise of all the 2015 Warrants, the Concert Party Group's shareholding interest in the Company will be diluted slightly from 20.3% to 19.5% while the Independent Shareholders will have their aggregate shareholding interests increased slightly from 79.7% to 80.5%.

The Company will raise gross proceeds of S$39.6 million from the subscription of the Rights Shares. Upon the exercise of the 2015 Warrants, an additional amount of S$39.6 million in gross proceeds will be raised, bringing the total amount of gross proceeds raised to S$79.2 million.

Scenario C (Fully Subscribed Scenario)

Under Scenario C, the Proposed Rights cum Warrants Issue is fully subscribed. The Independent Shareholders subscribe to more than their full entitlement, essentially also subscribing to the portion of the entitlement that the Concert Party Group does not subscribe, thus resulting in a full take-up of the Rights Shares.

As a result, the Concert Party Group's shareholding interest in the Company will be diluted from 28.3% to 18.3% immediately after the Proposed Rights cum Warrants Issue and the Independent Shareholders will have their aggregate shareholding interests increased from 71.7% to 81.7% immediately after the Proposed Rights cum Warrants Issue.

Upon the exercise of all the 2015 Warrants, the Concert Party Group's shareholding interest in the Company will be further diluted from 18.3% to 17.4% while the Independent Shareholders will have their aggregate shareholding interests increased from 81.7% to 82.6%.

The Company will raise gross proceeds of S$45.0 million from the subscription of the Rights Shares. Upon the exercise of the 2015 Warrants, an additional amount of S$45.0 million in gross proceeds will be raised, bringing the total amount of gross proceeds raised to S$90.1 million.

7.6 The Proposed Rights cum Warrants Issue is not conditional upon the Proposed Whitewash Resolution

The Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution are subject to Shareholders' approval at the forthcoming EGM. If the Proposed Rights cum Warrants Issue is not approved by Shareholders at the EGM, the Proposed Whitewash Resolution will not be carried out.

The Company has confirmed to us that it will proceed with the Proposed Rights cum Warrants Issue upon obtaining Shareholders' approval for the same regardless of whether or not the Proposed Whitewash Resolution is approved by the Independent Shareholders. In addition, we note that the Concert Party Group is eligible to vote on the resolution for the Proposed Rights cum Warrants Issue. The Proposed Rights cum Warrants Issue is therefore not conditional upon the Proposed Whitewash Resolution.

However, it should be noted that the Proposed Whitewash Resolution will enable the Concert Party Group to subscribe to its 245,000,000 Rights Shares cum 2015 Warrants without triggering any Mandatory Offers. In the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, the extent to which the Concert Party Group can

participate in the Proposed Rights cum Warrants Issue will depend on the subscription level by the Independent Shareholders, and will be restricted to the level where it will not be placed in the position of incurring the Mandatory Offer obligations. The Concert Party Group's shareholding interest in the Company is currently at 28.3% as at the Latest Practicable Date, which is close to the Mandatory Offer Threshold of 30.0%.

If the subscription level by the Independent Shareholders is low and the Concert Party Group is unable to leverage on the Proposed Whitewash Resolution to subscribe to the Rights Shares, then the Company may not be able to achieve its fund raising objectives and raise the minimum gross proceeds under the Possible Scenario.

7.7 Mr Chan remains as the key driver of the Company

We note that presently, the Concert Party Group, as led by Mr Chan, is the single largest shareholder of the Company. Depending on the outcome of the subscription level of the Proposed Rights cum Warrants Issue, the key scenarios of which are illustrated in Section 7.5 above, the Concert Party Group may either:

(a) consolidate its shareholding interest in the Company further to more than 50.0% (Scenario A), after which the Concert Party Group will be free to acquire any Shares without triggering any of the Mandatory Offer Thresholds. He can also potentially pass any ordinary resolutions to be tabled at general meetings (other than resolutions that the Concert Party Group may have an interest in and accordingly has to abstain from voting);

(b) dilute its shareholding interest in the Company further and remain below 30.0% (Scenarios B and C); or

(c) end up in the band of between 30.0% and 50.0%, where the Concert Party Group will have to be mindful of the 1.0% creeping rule in any period of six months when it may trigger the Mandatory Offer Threshold whenever it intends to acquire any of the Shares.

Besides the Shares that the Concert Party Group own and the Rights Shares to be subscribed by them, the Concert Party Group also owns significant outstanding Bonus Warrants, Piggyback Warrants, Exchangeable Notes, Options and further potential Piggyback Warrants when it exercises the Bonus Warrants as set out in Section 1 of this Letter.

Mr Chan is also the Chief Executive officer and Executive Director of the Company, driving the business strategy of the Group.

Pursuant to Rule 803 of the Catalist Rules, the Company must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. As at the Latest Practicable Date, the Company has confirmed that no Shareholder has come forth to seek approval at the forthcoming EGM for him to become a controlling Shareholder as a result of the allotment and issue of the Rights Shares. Hence, the Concert Party Group is likely to remain as the single largest shareholder of the Company as under Scenario C (Maximum Subscription Scenario), the Concert Party Group furthest dilution is to 18.3% after the Rights Shares but before the exercise of the 2015 Warrants and to 17.4% after the exercise of the 2015 Warrants.

7.8 Support from the Concert Party Group for the Proposed Rights cum Warrants Issue

Despite the fall in the Share price to close to the Issue Price, the Concert Party Group has given Irrevocable Undertakings that it will subscribe to 245,000,000 Rights Shares with 2015 Warrants, amounting to S$7.35 million.

In addition, in August 2015 after the announcement of the Proposed Rights cum Warrants Issue, the Concert Party Group (through HBD) had provided an interest-free loan facility of up to US$15.0 million to the Group. As at the Latest Practicable Date, the amount drawn down was US$10.5 million. It is the intention of the Concert Party Group pursuant to the Irrevocable

Undertakings to set off the Rights Shares subscription amount of S$7.35 million against a portion of the outstanding interest-free loans.

We believe that this underscores Mr Chan's support for the Proposed Rights cum Warrants Issue and demonstrates his commitment to and confidence in the prospects of the Group.

8. OUR OPINION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) rationale for the Proposed Rights cum Warrants Issue and the use of proceeds;

(b) the Rights Shares cum 2015 Warrants being offered to all entitled Shareholders on a *pro-rata* basis;

(c) assessment of the Issue Price of the Rights Shares and the terms of the 2015 Warrants;

(d) financial effects of the Proposed Rights cum Warrants Issue;

(e) dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders;

(f) the Proposed Rights cum Warrants Issue is not conditional upon the Proposed Whitewash Resolution;

(g) Mr Chan remains as the key driver of the Company; and

(h) support from the Concert Party Group for the Proposed Rights cum Warrants Issue.

Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the Proposed Whitewash Resolution, when considered in the context of the Proposed Rights cum Warrants Issue, is fair and reasonable, and is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of the Company or the Group after the completion of the Proposed Rights cum Warrants Issue. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Whitewash Resolution.

This Letter is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed Whitewash Resolution. The recommendation to be made by the Independent Directors to the Independent Shareholders shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Proposed Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng	Terence Lim
Chief Executive Officer	Director

The Proposed Amendments to the Articles are set out below. For ease of reference, and where appropriate, the full text of the Articles proposed to be amended has also been reproduced. Text in strikethrough indicates deletions from and underlined text indicates additions to the Articles.

(1) Article 2

*"**electronic communication**"*	***Communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):*** **(a)** ***by means of a telecommunication system; or*** **(b)** ***by other means but while in an electronic form,*** ***such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.***
"in writing"	*Written or produced by any substitute for writing or partly one and partly the other* ***and shall include, except where expressly specified in these presents or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes, any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.***

(2) Article 3(A)

3. (A) Subject to the Act and to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration ***(if any)*** *and at such time and whether or not subject to the payment of any part of the amount* ***(if any)*** *thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.*

Provided always that:

(a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in a General Meeting;

(b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same; and

(c) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 5, shall be subject to the approval of the Company in General Meeting.

(3) Article 8(A)

8. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney ~~and that any holder of shares of the class present in person or by proxy or attorney may demand a poll~~ and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(4) Article 11

*11. (A) Every share certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Directors and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates**, whether the shares are fully or partly paid up,** and the amount ~~paid up and the amount~~ (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.*

(5) Article 29

*29. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities **(including the satisfaction of the unpaid calls and accrued interest and expenses)** and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser.*

(6) Article 45

*45. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's annual general meeting Annual General Meeting shall not exceed such period as may be prescribed by the Designated Stock Exchange from time to time. **If required by the listing rules of the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Designated Stock Exchange.***

(7) Article 49

49. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-

(a) declaring Dividends;

*(b) receiving and adopting the ~~accounts~~ **financial statements**, the **Directors' statement, the Auditors'** reports ~~of the Directors and Auditors~~ and other documents required to be attached or annexed to the ~~accounts~~ **financial statements**;*

(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;

(d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);

(e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and

(f) fixing Directors' fees.

(8) Article 57

*57. At any General Meeting a resolution put to the vote of the meeting shall be decided ~~on a show of hands unless a~~**by** poll. ~~is (before or on the declaration of the result of the show of hands) demanded by:~~*

~~(a) the chairman of the meeting; or~~

~~(b) not less than two Members present in person or by proxy and entitled to vote; or~~

~~(c) any Member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the Members having the right to vote at the General Meeting; or~~

~~(d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid on all the shares conferring that right,~~

*~~Provided Always that no~~ **No** poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. ~~A demand for a poll may be withdrawn only with the approval of the meeting.~~*

(9) Article 58

*58. ~~Unless a poll is required, a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a~~ A poll ~~is required, it~~ shall be taken in such manner (including the use of ballot or voting papers or tickets or **electronic means**) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting ~~at which the poll was demanded~~. The chairman of the meeting ~~may (and if so directed by the General Meeting shall)~~**shall** appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*

(10) Article 59

59. In the case of an equality of votes, ~~whether on a show of hands or on a poll,~~ the chairman of the General Meeting at which the show of hands takes place ~~or at which the poll is demanded~~ shall be entitled to a casting vote.

(11) Article 60

60. A poll ~~demanded on any question~~ shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman of the Meeting may direct. No notice need be given of a poll not taken immediately. ~~The demand for a poll shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.~~

(12) Article 61

61. Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, and to Article 4, each Member entitled to vote may vote in person or by proxy. On ~~a show of hands every Member who is present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on~~ a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents. For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

(13) Article 70

70. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the Office) not less than forty-eight hours *before the time appointed for the holding of the meeting or adjourned meeting ~~or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used,~~ and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.*

(14) Article 71

*71. An instrument appointing a proxy shall be deemed to include the right to ~~demand or join in demanding a poll~~**to move any resolution or amendment thereto** and to speak at the General Meeting.*

(15) Article 72

72. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the General Meeting or adjourned General Meeting ~~or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll~~ at which the vote is cast.

(16) Article 102(A)

102(A) The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number, shall be ~~***two***~~ ***three****, which shall include at least two Independent Directors. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.*

(17) Article 113

*113. The business and affairs of the Company shall be managed by****, or under the direction or supervision of*** *the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these presents required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of these presents, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.*

(18) Article 140

~~*ACCOUNTS*~~ ***FINANCIAL STATEMENTS***

140. Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes, shall be kept at the Office or at such other place as the Directors think fit. No Member of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorized by the Directors.

(19) Article 141

141. The Directors shall from time to time, in accordance with the provisions of the Act, cause to be prepared and to be laid before the Company in General Meeting such ~~*profit and loss accounts*~~ ***financial statements****, balance-sheets,* ~~*group accounts (if any) and any*~~ *reports****, statements*** *and* ***other*** *documents as may be prescribed by the Act.*

(20) Article 142

142. A copy of ***the financial statements and, if required,*** ~~*every*~~ *balance-sheet* ~~*and profit and loss account which is to be laid before a General Meeting of the Company*~~ *(including every document required by law to be* ~~*comprised therein or*~~ *attached* ~~*or annexed*~~ *thereto)****, which is duly audited an which is laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon,*** *shall not less than fourteen days before the date of the meeting be sent to every Member of,* ~~*and every holder of debentures of,*~~ *the Company and to every other person who is entitled to receive notices of General Meetings under the provisions of the Statutes or of these presents, Provided* ***always*** *that****: (a) these documents may be sent less than 14 days before the date of the General Meeting if all persons entitled to receive notices of General Meetings from the Company so agree; and (b)*** *this Article shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware, but any Member* ~~*or holder of debentures*~~ *to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.*

SINGAPORE EDEVELOPMENT LIMITED

(Company registration no. 200916763W)
(Incorporated in Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Singapore eDevelopment Limited (the "**Company**") will be held at Pan Pacific Singapore, Ocean 1, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on 10 December 2015 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

RESOLUTION 1: Proposed Expansion of the Group's Investment Business (as Ordinary Resolution)

That:

(a) approval be and is hereby granted for the expansion of the Company's existing Investment Business that involve activities described in Section 2.3 of the Company's circular to Shareholders dated 16 November 2015 (the "**Proposed Expansion**"), and any other activities related to the Proposed Expansion; and

(b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary resolution as they or he may think fit.

RESOLUTION 2: Rights cum Warrants Issue (as Ordinary Resolution)

That a renounceable non-underwritten rights cum warrants issue (the **"Rights cum Warrants Issue"**) of up to 3,996,654,250 new ordinary shares of the Company comprising the renounceable non-underwritten rights issue of up to 1,998,327,125 rights shares (the "**Rights Shares**") at an issue price of S$0.03 (the "**Issue Price**") for each Rights Share, with up to 1,998,327,125 free detachable Warrants (the "**Warrants**") with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**Exercised Share**") at the exercise price of S$0.03 per Exercised Share (the "**Exercise Price**"), on the basis of five (5) Rights Shares for every one (1) existing share in the capital of the Company (the "**Share**") held by the shareholders of the Company (the "**Shareholders**") as at a books closure date to be determined (the **"Books Closure Date"**) and one (1) Warrant for every one (1) Rights Share subscribed, fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

(a) create and issue:

(i) up to 1,998,327,125 Rights Shares at the issue price of S$0.03 per Rights Share;

(ii) up to 1,998,327,125 Warrants in registered form, each Warrant to entitle the holder thereof to subscribe for one (1) Exercised Share at an exercise price of S$0.03 for each Exercised Share at any time during the period commencing on the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth anniversary of the date of issue of the Warrants subject to the terms and conditions of the deed poll (the "**Deed Poll**") constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may think fit; and

(iii) such further Warrants in registered form as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);

(b) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:

(i) up to 1,998,327,125 Exercised Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such Exercised Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares of the Company (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the Exercised Shares; and

(ii) on the same basis as paragraph (b)(i) above, such further Exercised Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (a)(iii) above;

(c) effect the Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:

(i) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to the Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited (the "**CDP**") as at the Books Closure Date with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of five (5) Rights Shares with Warrants for every one (1) Share, or in such other proportions as the Directors may think fit;

(ii) no provisional allotment of Rights Shares with Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three (3) Market Days prior thereto, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**");

(iii) the entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company for the Rights cum Warrants Issue;

(iv) the entitlements to Rights Shares with Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and

(v) the Rights Shares and/or the Exercised Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of the issue of the Rights Shares and/or the Exercised Shares; and

(d) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue (including fixing the Books Closure Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such the Directors or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

RESOLUTION 3: The Whitewash Resolution (as Ordinary Resolution)

That contingent upon the passing of Ordinary Resolution 2 herein in this Notice of EGM, approval be and is hereby given as follows:

That subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter on 5 October 2015, Shareholders (other than Mr Chan Heng Fai and Hengfai Business Development Pte Ltd (the "**Concert Party Group**")) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), in the event that (i) their subscription of the 245,000,000 Rights Shares with Warrants pursuant to the Rights cum Warrants Issue by the Company; and (ii) their acquisition of Exercised Shares pursuant to the exercise of the Warrants, results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

RESOLUTION 4: Proposed Amendments to the Articles of Association (as Special Resolution)

That the Articles of Association of the Company (the "**Articles**") be and are hereby amended in the manner and to the extent as set out in Appendix III to the Circular to the shareholders of the Company dated 16 November 2015, such amendments to the Articles to take effect from the passing thereof.

BY ORDER OF THE BOARD

Mr Chan Heng Fai
Executive Director and Chief Executive Officer
Singapore eDevelopment Limited
Singapore
16 November 2015

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Windstedt Road, Block A #02-02 Singapore 227977 no later than 48 hours prior to the time of the EGM.

PROXY FORM

SINGAPORE EDEVELOPMENT LIMITED

(Company registration no. 200916763W)
(Incorporated in Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name) with NRIC/Passport Number: _____

of _____ (Address)

being a member/members of **SINGAPORE EDEVELOPMENT LIMITED** (the "**Company**"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her/them*, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at Pan Pacific Singapore, Ocean 1, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on 10 December 2015 at 10.00 a.m. I/We* direct my/our* proxy to vote for or against the Proposed Resolutions to be proposed at the EGM as hereunder indicated. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	RESOLUTION	FOR**	AGAINST**
1	To approve the proposed expansion of the Group's Investment Business (as Ordinary Resolution)		
2	To approve the Rights cum Warrants Issue (as Ordinary Resolution)		
3	To approve the Whitewash Resolution (as Ordinary Resolution)		
4	To approve the Proposed Amendments to the Articles of Association of the Company (as Special Resolution)		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate so with a [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Members/Corporation's Common Seal

PROXY FORM

NOTES

a. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 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 of the Company, 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, this instrument of proxy will be deemed to relate to all the shares held by you.

b. A member entitled to attend and vote at the EGM is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

c. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy at the EGM by resolution of its directors or other governing body such person as it thinks fit to vote on its behalf in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

d. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Windstedt Road, Block A #02-02 Singapore 227977 no later than 10.00 a.m. on 8 December 2015. The sending of a proxy form by a member does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant proxy forms will be deemed to be revoked.

e. In the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("**CDP**"), the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the EGM as certified by CDP to the Company.

f. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 common seal or under the hand of its attorney or a duly authorised officer.

g. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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 not less than 48 hours before the time appointed for holding the EGM, as certified by CDP to the Company.