



SINGAPORE eDEVELOPMENT LIMITED

(Incorporated in Singapore)
(Company Registration No. 200916763W)

(A) PROPOSED ISSUE OF AN AGGREGATE OF UP TO 983,330,850 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY, COMPRISING THE RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 163,888,475 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.04 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, AND THE ISSUE OF UP TO 819,442,375 FREE DETACHABLE WARRANTS CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE AT AN EXERCISE PRICE OF S\$0.04 FOR EACH EXERCISED SHARE, ON THE BASIS OF FIVE (5) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR; AND

(B) PROPOSED REDUCTION OF THE SHARE CAPITAL OF THE COMPANY

(A) THE PROPOSED RIGHTS CUM WARRANTS ISSUE

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of Singapore eDevelopment Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake an issue of an aggregate of up to 983,330,850 new ordinary shares in the capital of the Company (“**Shares**”), comprising:

- (a) the renounceable non-underwritten rights issue of up to 163,888,475 new Shares (the “**Rights Shares**”) at an issue price of S\$0.04 (the “**Issue Price**”) for each Rights Share, on the basis of one (1) Rights Share for every three (3) Shares held by the shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Rights Issue**”); and
- (b) the issue of up to 819,442,375 free detachable warrants (the “**2016 Warrants**”) carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (“**Exercised Share**”) at an exercise price of S\$0.04 (the “**Exercise Price**”) for each Exercised Share, on the basis of five (5) 2016 Warrants for every one (1) Rights Share subscribed for under the Rights Issue (the “**2016 Warrants Issue**”).

The proposed issue of the Rights Shares and the 2016 Warrants as described above shall be referred to as the “**Proposed Rights cum Warrants Issue**”.

The above mentioned maximum issue size of the Proposed Rights cum Warrants Issue (“**Maximum Issue Size**”) has been calculated based on the following assumptions, that prior to Books Closure Date:

- (i) subject to (ii) below, all 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 date of this announcement are exercised and 33,626,871 piggyback warrants which are issued pursuant to the exercise of the aforesaid 33,626,871 bonus warrants are exercised;

- (ii) Mr Chan Heng Fai (the Executive Director, Chief Executive Officer and a controlling shareholder of the Company) and Hengfai Business Development Pte. Ltd. (a Singapore-incorporated company in which Mr Chan Heng Fai is the sole shareholder and a director) do not exercise any of their interest in 2,217,391 piggyback warrants and 25,904,781 bonus warrants; and
- (iii) all the outstanding share options issued by the Company have not been exercised, under the terms of their issue, into Shares.

The Proposed Rights cum Warrants Issue is subject to, *inter alia*, the approval of the Shareholders, which will be sought at an extraordinary general meeting of the Company (the “**EGM**”) to be convened. A circular to Shareholders containing further information on the Proposed Rights cum Warrants Issue, together with the notice for the EGM (the “**Circular**”), will be despatched to Shareholders in due course.

2. DETAILS OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

(a) The Rights Issue

The Company is proposing to undertake the Rights Issue, at the Issue Price for each Rights Share with 2016 Warrants on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the “**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Entitled Shareholders**”). Please refer to Paragraph 4 below entitled “Eligibility to Participate in the Proposed Rights cum Warrants Issue” for further details.

Fractional entitlements to any Rights Shares with 2016 Warrants will be disregarded and will, together with the provisional allotments of Rights Shares with 2016 Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares with 2016 Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

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.

Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) their provisional allotments of Rights Shares with 2016 Warrants and will be eligible to apply for additional Rights Shares with 2016 Warrants in excess of their provisional allotments (the “**Excess Rights Shares with 2016 Warrants**”).

In the allotment of Excess Rights Shares with 2016 Warrants, preference will be given to the rounding of odd lots. Directors and substantial Shareholders who have control

or influence over the Company in connection with its day-to-day affairs or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2016 Warrants. The Company will also not make any allotments and issuance of any Excess Right Shares with 2016 Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

(b) The 2016 Warrants Issue

The Company also proposes to issue five (5) 2016 Warrants for each Rights Share validly subscribed for, for no consideration receivable by the Company and at the Exercise Price during the exercise period, which shall be from and including the date of issue of the 2016 Warrants up to 5.00 p.m. on the date immediately preceding the fifth anniversary of the date of issue of the 2016 Warrants. The 2016 Warrants which have not been exercised after the date of expiry shall lapse and cease to be valid for any purpose.

The 2016 Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form, subject to the terms and conditions to be set forth in an instrument of deed poll constituting the 2016 Warrants (the “**Deed Poll**”). The 2016 Warrants will **NOT** be listed and traded on the SGX-ST.

The Exercise Price and/or the number of 2016 Warrants to be held by each warrant holder will, after their issue, be subject to adjustments under certain circumstances. The circumstances which will result in adjustments will be set forth in the Deed Poll. These circumstances will include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issue and certain capital distributions. All adjustments made will be announced by the Company.

An announcement on the expiry of the 2016 Warrants will be made and a notice will be sent to all holders of the 2016 Warrants at least one (1) month before the expiry of the exercise period of the 2016 Warrants. After the issue of the 2016 Warrants, in the event of any material alteration to the terms of 2016 Warrants to the advantage of the holders of the 2016 Warrants, this shall require the approval by Shareholders for such alteration(s), except where the alterations are made pursuant to the terms of the issue of the 2016 Warrants.

The Exercised Shares 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 exercise of the 2016 Warrants. 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.

For illustrative purposes, for every existing 3,000 Shares held by a Shareholder who is an Entitled Shareholder, he will be at liberty to accept, decline, renounce or trade his provisional allotment of 1,000 Rights Shares (on the basis of one (1) Rights Share for every three (3) Shares). On the assumption that the Shareholder accepts his provisional allotment of 1,000 Rights Shares and pays for the 1,000 Rights Shares, he will receive 5,000 2016 Warrants, which may be converted into 5,000 Exercised Shares of the Company at the Exercise Price.

The Issue Price of S\$0.04 for each Rights Share represents a premium of approximately 29.0% to the last transacted price of S\$0.031 per Share on the Catalist of the SGX-ST on 27 June 2016 (being the full market day on which the Proposed Rights cum Warrants Issue is announced) (the “Last Transacted Price”). The proposed Exercise Price of S\$0.04 for each Exercised Share represents a premium of approximately 29.0% to the Last Transacted Price.

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 Circular and the offer information statement (including the accompanying application forms) to be despatched by the Company to the Shareholders in due course (the “**Offer Information Statement**”).

3. IRREVOCABLE UNDERTAKING

The Proposed Rights cum Warrants Issue will be supported by certain substantial shareholders of the Company, namely Hengfai Business Development Pte. Ltd. (“**HBD**”) and Mr Chan Heng Fai, an Executive Director and Chief Executive Officer of the Company (collectively, the “**Undertaking Shareholders**”). Mr Chan Heng Fai directly holds 46,750,000 Shares, and is a director and holds 100% of the issued share capital of HBD. Mr Chan Heng Fai is accordingly deemed interested in the 155,250,000 Shares that HBD holds. Mr Chan Heng Fai and HBD will undertake that, *inter alia*, (the “**Irrevocable Undertaking**”):

- (a) They will apply and subscribe for and/or procure applications and subscriptions for their respective pro-rata entitlements and pay for and/or procure the payment for 67,333,333 Rights Shares with 2016 Warrants, and up to 71,765,284 Excess Rights Shares with 2016 Warrants (subject to availability) 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 his legal or beneficial interest in the Shares it currently legally and beneficially owns prior to the Books Closure Date;
- (c) They shall do or 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 Monetary Authority of Singapore (the “**MAS**”), the Accounting and Corporate Regulatory Authority, the Securities Industry Council (“**SIC**”) and/or any other regulatory authorities in Singapore, (in each case) in relation to the Proposed Rights cum Warrants Issue and all the matters set out in paragraphs (a) and (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 his obligations set out in paragraphs (a) to (c) above (excluding any breach or default of his 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 him), 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).

Mr Chan Heng Fai’s and HBD’s obligations under the Irrevocable Undertaking are subject to:

- (a) The SIC Waiver (as defined below) granted by the SIC not having been withdrawn or revoked as at the date of the completion of the Proposed Rights cum Warrants Issue;
- (b) Shareholders’ approval for the Proposed Rights cum Warrants Issue, including the allotment and issue of the Rights Shares, being obtained at the EGM;

- (c) The Whitewash Resolution (as defined below) being approved by independent Shareholders at the EGM;
- (d) the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares and the Exercised Shares on the Catalist of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with 2016 Warrants under the Proposed Rights cum Warrants Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (e) the lodgment of the Offer Information Statement in connection with the Proposed Rights cum Warrants Issue 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 the Monetary Authority of Singapore.

The issuance of Rights Shares with 2016 Warrants to the Undertaking Shareholders pursuant to the Irrevocable Undertaking (and by parties acting in concert with him) and the issuance of Exercised Shares to the Undertaking Shareholders pursuant to their exercise of their 2016 Warrants, may result in an obligation of their part to make a take-over under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”). In this regard, the Company will seek the approval of (i) the SIC for granting a waiver of their obligations to make a mandatory general offer under the Code, for all the Shares not owned or controlled by the Undertaking Shareholders or parties acting in concert with them (the “**SIC Waiver**”) and (ii) the approval of a whitewash resolution from independent Shareholders for the waiver of their right to receive such a mandatory offer from the Undertaking Shareholders or parties acting in concert with them (the “**Whitewash Resolution**”) and such other conditions that the SIC may impose which are reasonably acceptable to the Company.

In addition, the Undertaking Shareholders will also make advance payment of up to S\$2,500,000, in respect of the amounts payable by the Undertaking Shareholders to the Company for the subscription of their respective pro-rata entitlements under the Proposed Rights cum Warrants Issue (the “**Advance**”). In the event that the Proposed Rights cum Warrants Issue is not forthcoming for whatever reason, the Company and the Undertaking Shareholders will further negotiate on the method of repayment of the Advance, which may include but shall not be limited to repaying the Undertaking Shareholders in cash and/or to capitalise the Advance and issue new Shares to the Undertaking Shareholders (where such number of new Shares shall be determined based on the equivalent value, or to such extent possible the same terms, of any offering of securities pursuant to Chapter 8 of the Catalist Rules as may be undertaken by the Company at or around that point in time, and subject to the Undertaking Shareholders’ consent). In the event that new Shares are to be issued pursuant to the capitalisation of the Advance, approval from the SIC and/or Shareholders may be sought, if required.

4. PURPOSE OF AND RATIONALE FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

Assuming the Proposed Rights cum Warrants Issue is fully subscribed by all Shareholders (the “**Maximum Scenario**”), the Company will issue 163,888,475 Rights Shares and 819,442,375 2016 Warrants. In the Maximum Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S\$6,555,539 (if none of the 2016 Warrants are exercised) or S\$39,183,234 (if the 2016 Warrants are fully exercised) after deducting estimated expenses of approximately S\$150,000 incurred in connection with the Proposed Rights cum Warrants Issue.

The Company wishes to highlight that although there are a material number of piggyback warrants and bonus warrants outstanding as at the date of this announcement, it is to be noted that their exercises prices, of S\$0.30 and S\$0.20 for each piggyback warrant and

bonus warrant respectively, is substantially higher than the current traded price of the Company's shares.

Assuming only the Undertaking Shareholders subscribe to the Rights Shares with 2016 Warrants pursuant to their Irrevocable Undertakings and none of the other shareholders subscribe for their entitlements to the Rights Shares with 2016 Warrants (the "**Minimum Scenario**"), the Company will issue 139,098,617 Rights Shares and 695,493,085 2016 Warrants. In the Minimum Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S\$5,563,945 (if none of the 2016 Warrants are exercised) or S\$33,233,668 (if the 2016 Warrants are fully exercised) after deducting estimated expenses of approximately S\$150,000 incurred in connection with the Proposed Rights cum Warrants Issue.

The Company intends to undertake the Proposed Rights cum Warrants Issue to fund the Group's property development projects including the Black Oak Project, Mandurah (Perth); other property related businesses, as well as to fund the Group's other businesses and for general working capital

After taking into consideration the Irrevocable Undertaking, the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors decided that it is not feasible and practicable for the Proposed Rights cum Warrants Issue to be underwritten by a financial institution.

Use of Proceeds

The net proceeds from the Proposed Rights cum Warrants Issue will be used towards the following purposes in the following proportion:

Use of Proceeds	Percentage of Net Proceeds (%)	
	Maximum Scenario	Minimum Scenario
Funding the Group's property development projects including The Black Oak Project, Mandurah (Perth) and other property related businesses	75 - 80	25 - 30
Funding of the Group's information technology business including HotApp	0 - 5	20 - 25
Funding the Group's investment business	1 - 5	1-5
General working capital	15 - 20	45 - 50
Total	100.0	100.0

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 fit.

The Directors are of the opinion that, after taking into consideration present bank facilities and other internal and external resources, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the purpose of the Proposed Rights cum Warrants Issue is to raise funds to support the future growth of the Group, as described in this paragraph 4 of the announcement.

The Directors are of the opinion that, after taking into consideration present bank facilities, the net proceeds from the Proposed Rights cum Warrants Issue (assuming Minimum Scenario) and other internal and external resources, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make periodic announcements on the utilisation of the proceeds of the Proposed Rights cum Warrants Issue, as and when the funds from the Proposed 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 on use of proceeds and in the annual report.

5. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS CUM WARRANTS ISSUE

The Company proposes to provisionally allot the Rights Shares with 2016 Warrants to Entitled Shareholders (comprising Entitled Depositors, Entitled Scrip holders and excluding Foreign Shareholders, as defined below) under the Proposed Rights cum Warrants Issue.

(A) Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the "**Entitled Depositors**") will be provisionally allotted the Rights Shares with 2016 Warrants on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", depositors 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 #01-19/20 The Metropolis, Singapore 138588 with registered addresses in Singapore for the service of notices and documents, not 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 with 2016 Warrants entitlements.

(B) Entitled Scripholders

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the "**Entitled Scripholders**") will be provisionally allotted Rights Shares with 2016 Warrants on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with registered addresses in Singapore for the service of notices and documents, not 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 with 2016 Warrants entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee's provisional allotments of Rights Shares with 2016 Warrants entitlements.

(C) **Foreign Shareholders**

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares with 2016 Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, by 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, with registered addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares with 2016 Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares with 2016 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 2016 Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar or CDP in connection therewith.

Where such provisional allotments of Rights Shares with 2016 Warrants are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar or CDP in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares with 2016 Warrants represented by such provisional allotments.

If such provisional allotments of Rights Shares with 2016 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 2016 Warrants, the Rights Shares with 2016 Warrants represented by such provisional allotments will be allotted and issued 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, the Sponsor, the Share Registrar or CDP in connection therewith.

6. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Providence Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to advise the Directors who are deemed independent for the purpose of the Whitewash Resolution in connection with the Proposed Rights cum Warrants Issue.

7. APPROVALS

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

- (a) Shareholders' approval for the Proposed Rights cum Warrants Issue being obtained at the EGM;
- (b) The SIC Waiver being obtained by the Company;
- (c) Shareholders' approval for the Whitewash Resolution being obtained at the EGM;
- (d) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares and the Exercised Shares on the Catalist of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with 2016 Warrants under the Proposed Rights cum Warrants Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (e) the lodgment 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 the Monetary Authority of Singapore.

The Circular, containing further information on the Proposed Rights cum Warrants Issue, will be despatched to Entitled Shareholders in due course.

Hong Leong Finance Limited, the sponsor of the Company (the "**Sponsor**"), will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares and the Exercised Shares on the SGX-ST.

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 approval in-principle of the SGX-ST.

Appropriate announcements in relation to the above despatch, application and lodgement will be made in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Proposed Rights cum Warrants Issue (other than through their respective shareholdings in the Company).

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes true and fair disclosure of all material facts about the Proposed Rights cum Warrants Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 this announcement in its proper form and context.

10. CAUTION IN TRADING

As the Proposed Rights cum Warrants Issue is subject to certain conditions being fulfilled, Shareholders are advised to exercise caution in trading their Shares in the Company and to read this announcement, any further announcements by the Company and the Circular carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

(B) PROPOSED REDUCTION OF THE SHARE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board wish to announce that the Company is proposing a capital reduction exercise (the "**Proposed Capital Reduction**") pursuant to Section 78A read with Section 78C of the Companies Act (Chapter 50) of Singapore ("**Companies Act**").

The Proposed Capital Reduction entails the reduction and cancellation of the Company's share capital that is unrepresented by available assets arising from the legacy loss-making construction and other non-core businesses. The Group had previously disposed of its legacy and non-core businesses during its major corporate restructuring and transformation exercise, undertaken after the appointment of the Company's Chief Executive Officer, Mr Chan Heng Fai, in 2014.

2. DETAILS AND RATIONALE OF THE PROPOSED CAPITAL REDUCTION

Under the strategic direction of Mr Chan Heng Fai, the Group has undergone a major restructuring exercise and initiated corporate turnaround strategies over the last two years.

In 2014, the Group invested in property development projects in the United States of America and Australia, information technology projects and disposed of its legacy loss-making construction business and other non-core assets ("**Corporate Restructuring Exercise**"). In 2016, the Group will also be growing its existing investment business. The existing investment business activities will be undertaken by the Group's wholly-owned subsidiary, SeD Capital Pte. Ltd. Accordingly, the Group's underlying assets now relate mainly to the property development, information technology and investment businesses.

Due to losses previously incurred by the Group, and following the Corporate Restructuring Exercise, the Company has an existing share capital which is unrepresented by available assets to the extent of S\$48.3 million as at 31 December 2015 ("**Balance Sheet Date**"), based on the Company's latest audited balance sheet ("**Accumulated Losses**").

The purpose of the Proposed Capital Reduction is therefore to write off the Accumulated Losses through the cancellation of the Company's share capital to the extent of S\$48.3 million, with a view to further restructuring the Company's finances.

The Directors propose to carry out the Proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act.

The Proposed Capital Reduction will be effected in the following manner:

- (a) by reducing the share capital of the Company via the cancellation of the Company's share capital that has been lost or is unrepresented by available assets to the extent of S\$48.3 million; and
- (b) thereafter applying an amount equal to S\$48.3 million, being the credit arising from the cancellation of the share capital of the Company, towards writing off the Accumulated Losses.

3. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

As at the date of this announcement, the Company has a paid-up share capital of S\$75.4 million. Upon completion of the Proposed Capital Reduction, the Proposed Capital Reduction will reduce the Company's Accumulated Losses as at the Balance Sheet Date by the cancellation of the Company's share capital to the extent of S\$48.3 million.

There will be no change in the total number of Shares in the Company held by the Shareholders immediately after the Proposed Capital Reduction, nor will the Proposed Capital Reduction involve the payment to any Shareholders of any paid-up share capital of the Company.

The Proposed Capital Reduction is an accounting procedure that reduces the Company's existing share capital to write off Accumulated Losses. The Proposed Capital Reduction represents merely a change in the composition of reserves and does not entail any outflow of cash or change to the Company's assets.

A summary of the financial effects of the Proposed Capital Reduction is set out below, for illustrative purposes only and based on:

- A. (i) the latest audited consolidated financial statements for the year ended 31 December 2015; and (ii) assuming that the subscription of 117,000,000 Shares by HBD which was completed on 12 May 2016 (the "**Subscription**") was completed on 1 January 2015 (**Illustration A**); and
- B. (i) the latest audited consolidated financial statements for the year ended 31 December 2015; (ii) the Subscription was completed on 1 January 2015; and (iii) assuming the Proposed Rights cum Warrants Issue (assuming the Minimum Scenario and none of the 2016 Warrants are exercised) was completed on 1 January 2015 (**Illustration B**).

The financial effects of the Proposed Capital Reduction in both Illustration A and Illustration B are based on, *inter alia*, the assumption that the Proposed Capital Reduction was completed on 31 December 2015.

Illustration A

a. Share Capital

	As at 31 December 2015	
	No. of Shares ('000)	Share Capital (S\$'000)
Immediately before the Proposed Capital Reduction	417,296	75,441
Immediately after the Proposed Capital Reduction	417,296	27,110

The Proposed Capital Reduction will reduce the Company's paid-up share capital by S\$48.3 million to write off the Accumulated Losses.

The number of issued Shares and the percentage of Shares held by Shareholders will remain unchanged immediately after the Proposed Capital Reduction. No capital will be returned to the Shareholders.

b. Shareholders' Funds

As at 31 December 2015

	<u>Group</u>		<u>Company</u>	
	Immediately before the Proposed Capital Reduction (S\$'000)	Immediately after the Proposed Capital Reduction (S\$'000)	Immediately before the Proposed Capital Reduction (S\$'000)	Immediately after the Proposed Capital Reduction (S\$'000)
Share capital	75,441	27,110	75,441	27,110
Capital reserve	500	500	-	-
Employee share option reserve	549	549	549	549
Currency translation reserve	(69)	(69)	-	-
(Accumulated losses) / retained earnings	(49,083)	(752)	(48,331)	-
Shareholders' fund	27,338	27,338	27,659	27,659

c. Net Tangible Assets, Earnings Per Share and Gearing

The Proposed Capital Reduction will not have any impact on the net tangible assets, earnings per Share and gearing of the Company or the Group.

Illustration B

a. Share Capital

	As at 31 December 2015	
	No. of Shares ('000)	Share Capital (S\$'000)
Immediately before the Proposed Capital Reduction	484,629	78,134
Immediately after the Proposed Capital Reduction	484,629	29,803

The Proposed Capital Reduction will reduce the Company's paid-up share capital by S\$48.3 million to write off the Accumulated Losses.

The number of issued Shares and the percentage of Shares held by Shareholders will remain unchanged immediately after the Proposed Capital Reduction. No capital will be returned to the Shareholders.

b. Shareholders' Funds

As at 31 December 2015

	<u>Group</u>		<u>Company</u>	
	Immediately before the Proposed Capital Reduction (S\$'000)	Immediately after the Proposed Capital Reduction (S\$'000)	Immediately before the Proposed Capital Reduction (S\$'000)	Immediately after the Proposed Capital Reduction (S\$'000)
Share capital	78,134	29,803	78,134	29,803

Capital reserve	500	500	-	-
Employee share option reserve	549	549	549	549
Currency translation reserve	(69)	(69)	-	-
(Accumulated losses) / retained earnings	(49,083)	(752)	(48,331)	-
Shareholders' fund	30,031	30,031	30,352	30,352

c. Net Tangible Assets, Earnings Per Share and Gearing

The Proposed Capital Reduction will not have any impact on the net tangible assets, earnings per Share and gearing of the Company or the Group.

4. CONDITIONS FOR THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the approval of Shareholders by way of a special resolution ("**Capital Reduction Resolution**") passed at an EGM;
- (b) compliance with the relevant publicity requirements as prescribed in the Companies Act;
- (c) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act; and
- (d) lodgement of the relevant documents with the Registrar of Companies ("**Registrar**") after the end of six weeks but before the end of eight weeks from the date of the Capital Reduction Resolution.

If, during the six weeks beginning with the date of the Capital Reduction Resolution, one or more applications for the cancellation of the Capital Reduction Resolution is made under Section 78D(2) of the Companies Act, for the Proposed Capital Reduction to take effect, the following conditions must be satisfied:

- (i) the Company must give to the Registrar notice of the application(s) for the cancellation of the Capital Reduction Resolution as soon as possible after such application(s) have been served on the Company by the creditor(s);
- (ii) the proceedings in relation to each application for the cancellation of the Capital Reduction Resolution must be brought to an end by either the dismissal of the application under Section 78F of the Companies Act or without determination (for example, because the application has been withdrawn); and
- (iii) lodgement of the relevant documents with the Registrar of Companies within 15 days beginning with the date on which the last such proceedings were brought to an end in accordance with paragraph (ii) above.

5. CIRCULAR AND EGM

A Circular setting out further information on the Proposed Capital Reduction and enclosing the notice of the EGM will be despatched by the Company to Shareholders in due course.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling Shareholders has any interest, direct or indirect, in the Proposed Capital Reduction (other than through their respective shareholdings in the Company).

7. FURTHER ANNOUNCEMENTS

The Company will continue to keep all its Shareholders updated on any material developments in relation to the Proposed Capital Reduction on a timely basis.

8. CAUTION IN TRADING

As the Proposed Capital Reduction is subject to certain conditions being fulfilled, Shareholders are advised to exercise caution in trading their Shares in the Company and to read this announcement, any further announcements by the Company and the Circular carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

BY ORDER OF THE BOARD
SINGAPORE EDEVELOPMENT LIMITED

Chan Heng Fai
Executive Director and Chief Executive Officer

27 June 2016

This announcement has been prepared by the Company and its contents have been reviewed by Hong Leong Finance Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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