



SINGAPORE eDEVELOPMENT LIMITED

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

PROPOSED ACQUISITION OF HOTAPPS INTERNATIONAL PTE. LTD. BY AN OTCBB-BOUND U.S. COMPANY – SIGNING OF SALE AND PURCHASE AGREEMENT

Unless otherwise defined capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcements dated 4 and 16 September 2014.

1. SIGNING OF SALE AND PURCHASE AGREEMENT

Further to the Company's announcements on the Transaction, the Company (or the "Vendor") wishes to announce that it has entered into a sale and purchase agreement (the "S&P Agreement") with Fragmented Industry Exchange Inc. ("FIE" or the "Purchaser") pursuant to which FIE shall acquire the entire issued and paid-up share capital of HotApps International Pte. Ltd. ("HotApps" or the "Target") for the consideration of US\$700 million (the "Consideration") which will be satisfied in full by (i) the issuance of 1,000,000 new common stock of FIE by FIE at the issue price of US\$10.00 for each new FIE Share (the "Issue Price") and (ii) the issuance of US\$690,000,000 in stated value of FIE's perpetual preferred stock.

2. SALIENT DETAILS OF THE TRANSACTIONS

Final salient details of the S&P Agreement:

(a) The Consideration shall be satisfied in the following manner:

- (i) On completion, through the issuance of 1,000,000 new common stock ("Consideration Shares") by FIE to the Company, whereby each Consideration Share shall have an issue price of US\$10;
- (ii) On completion, through the issuance of 13,800,000 FIE's perpetual preferred stock ("Perpetual Preferred Stock") with US\$690,000,000 in stated value and capable of conversion into 69,000,000 common stocks of FIE at an issue price of US\$10 per common stock. The Perpetual Preferred Stock do not receive any interest or coupons.

Conversion into FIE common stocks are contingent upon HotApps acquiring up to maximum 9,426,230 users (the "Total Users") and determined in tranches of 1,000,000 users each and a final tranche of 426,230 users. For each 1,000,000 acquired users, the Vendor shall have the right to convert 1,464,000 Perpetual Preferred Stocks into 7,320,000 common stocks of the Purchaser. Delivery of the final 426,230 users of the Total Users will allow the Vendor the right to convert the remaining 624,000 Perpetual Preferred Stocks into 3,120,000 common stocks of the Purchaser.

The Total Users is calculated by dividing the US\$690,000,000 by the market value per user (“**User Market Value**”) of US\$73.20 based on independent valuation by FIE;

- (b) The parties will execute a Software Development, Support and Non-Compete Agreement, which details the commitment of the Company to provide ongoing intellectual property development and technical support to FIE; and
- (c) Upon completion, the Company shall be entitled to nominate one representative to the board of directors of FIE.

3. CONDITIONS PRECEDENT

The completion of the S&P Agreement is conditional upon:

- (a) The Target obtaining such approval(s) from its board of directors and/or shareholders in connection with this Agreement and the transactions contemplated therein as may be necessary;
- (b) The Vendor obtaining such approval(s) from its board of directors, shareholders and the SGX-ST (and any other regulatory authority) in connection with this Agreement and the transactions contemplated therein as may be necessary;
- (c) The Purchaser obtaining such approval(s) from its board of directors and relevant regulatory authority in connection with this Agreement (including approval from any regulatory authority for the issuance of the Consideration Shares and the Perpetual Preferred Stock and such new common stock as may be issued upon the conversion of the Perpetual Preferred Stock) and the transactions contemplated therein as may be necessary;
- (d) The Purchaser shall have filed the Certificate of Designations of Perpetual Preferred Stock with the Delaware Secretary of State;
- (e) No material adverse change in the prospects, businesses, operations, assets or financial conditions of the Target occurring since the date of this Agreement to the completion date;
- (f) There is no breach by the Vendor and the Purchaser of their respective representations, warranties, covenants and indemnities contained in the S&P Agreement;
- (g) The completion and satisfactory outcome, of all financial and legal due diligence investigations (the “Due Diligence Investigations”) by the Purchaser and its professional advisers into, amongst others, the financial, contractual, tax and prospects, of the Target and title to its assets, as may be determined by the Purchaser in its reasonable discretion;
- (h) The completion and satisfactory outcome, of Due Diligence Investigations by the Vendor and its professional advisers into, amongst others, the financial, contractual, tax and prospects, of the Purchaser and title to its assets, as may be determined by the Vendor in its reasonable discretion; and
- (i) All necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained by the Target, and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Purchaser.

4. UPDATED RELATIVE FIGURES FOR RULE 1006 AND FINANCIAL EFFECTS

The pro forma financial effects of the Transaction financial effects and the relative figures computed on bases as set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) are set out below after taking into consideration of the following assumptions:

- (a) the relative figures and the pro forma financial effects of the Transaction, NTA per Share and LPS the Group are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the completion of the Subscription. The pro forma financial effects have been computed based on the based on the latest announced unaudited financial statements of the Group for the six months ended 30 June 2014 (“**HY2014**”);
- (b) NTA and NAV as at 30 June 2014 is assumed to include the net proceeds of S\$40.3 million arising from the issuance of 27,297,717,040 new shares issued pursuant to Rights Shares and Bonus Shares;
- (c) the number of Shares for the financial effects relating to the NTA per Share and the loss per share (“LPS”) are 28,529,908,040 shares and weighted average shares of 28,386,717,040, respectively. These are based on actual issued share capital of the Group and/or the Company of 1,231,191,000 Shares (excluding treasury shares) as at 30 June 2014 and weighted average shares of 1,089,000,000 for six month ended 30 June 2014, assuming that 27,297,717,040 new shares issued pursuant to Rights Shares and Bonus Shares were issued on 30 June 2014 for computing the financial effects on NTA and 1 January 2014 for loss per share (“LPS”), respectively; and
- (d) there is no issuance of Shares from any of the Convertible Securities.

FINANCIAL EFFECTS OF THE TRANSACTION

Net Tangible Assets (“NTA”) per Share

Assuming that the Transaction had been completed on 30 June 2014 and based on the unaudited financial statements of the Group for six month ended 30 June 2014 as adjusted above, the financial effects which the Transaction would have on the NTL per Share are as follows:

| | Before the Transaction | After the Transaction |
|--|-------------------------------|------------------------------|
| NTA (S\$’000) | 36,681 | 36,438 |
| Number of Shares (’000) | 28,529,908 | 28,529,908 |
| NTA per Share (Singapore cents) | 0.13 | 0.13 |

Loss per Share (“LPS”)

Assuming that the Transaction had been completed on 1 January 2014 and based on the audited financial statements of the Group for HY2014, the pro forma financial effects which the Transaction would have on the EPS are as follows:

| | Before the Transaction | After the Transaction |
|---|-------------------------------|------------------------------|
| Profit/(Loss) attributable to Shareholders (S\$’000) | (5,713) | (5,798) |
| Weighted average number of Shares (’000) | 28,386,717 | 28,386,717 |
| Profit/(Loss) per Share | (0.02) | (0.02) |

(Singapore cents)

RELATIVE FIGURES FOR RULE 1006

| | | |
|-----|--|-------|
| (a) | Net asset value (“NAV”) of the Effective Disposal, being S\$3,417, compared with the Group’s NAV of S\$36.68 million. ⁽¹⁾ | N.A. |
| (b) | Net profit attributable to the Effective Disposal, compared with the Group’s net consolidated losses of approximately S\$5.7 million. ⁽²⁾ | N.A. |
| (c) | Aggregate value of the consideration received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares. ⁽³⁾ | 0.54% |
| (d) | Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. | N.A. |
| (e) | The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral oil and gas company, but not to an acquisition of such assets | N.A. |

Notes:

- (1) As at 30 June 2014, the Group reported a net liability value (“NLV”) of S\$(3.966) million. After taking into account the net proceeds from the issuance of 27,297,717,040 new shares pursuant to rights and bonus shares issues on 22 September 2014, the pro-forma NAV of the Group as 30 June 2014 is S\$36.68 million.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, “net profits” means profit or loss before income tax, minority interests and extraordinary items. HotApps International Pte. Ltd. has no revenue, expenses nor liabilities and only owns the intangible proprietary software and platform for HotApps.
- (3) Pursuant to Rule 1003(3) of the Catalist Rules, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher.

Values of the perpetual preferred shares are contingent on their convertibility into FIE common stocks which in turn contingent on HotApps acquiring Total Users. As HotApps has yet to launch its mobile application and thus yet to secure any user, perpetual preferred shares are not assigned any value presently.

The net liability value of FIE is US\$83,290 as at 30 June 2014 and the net loss attributable to FIE for the six months period ended 30 June 2014 is US\$149,640 (approximately S\$105,778 and S\$190,043 respectively). FIE has offered to sell FIE Shares for US\$0.12 per share since its filing for its initial public offer on 14 July 2014 on OTCBB. Assuming this offer price per share is the appropriate fair market price of FIE Share, the value of the 1,000,000 Consideration Shares is US\$120,000 (approximately S\$152,400) based on the higher of the market value and the net liability value represented by the Consideration Shares.

Based on the market capitalisation of the Company of approximately S\$35.71 million as at 13 October 2014. Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 28,528,908,040 ordinary shares in the capital of the Company (“Shares”), and the weighted average price of S\$0.00125 per Share on 13 October 2014.

As all relative figures under the bases set out in Rule 1006 are less than 5%, the Transaction constitutes a “non-discloseable transaction” under Rule 1008 of the Catalist Rules.

5. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the S&P Agreement is available for inspection during normal business hours at the Company’s registered office at 9 Temasek Boulevard #09-02A, Suntec Tower Two, Singapore 038989 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director and Chief Executive Officer

15 October 2014

This announcement 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 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 SGX-ST. The Sponsor and the SGX-ST assume 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.

The contact person for the Sponsor is Mrs Joan Ling-Lau, SVP, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, telephone: +65 6415-9885.