



SINGAPORE eDEVELOPMENT LIMITED

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

Unaudited Financial Statement for the Financial Year Ended 31 December 2019

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

Consolidated Statement of Comprehensive Income	12/31/2019	12/31/2018	Increase/ (Decrease)
	Unaudited	Audited	
	S\$'000	S\$'000	%
Revenue	33,096	26,922	23
Cost of sales	(29,621)	(23,259)	27
Gross profit	3,475	3,663	(5)
Other items of income			
Other income	431	1,495	(71)
Finance income	71	44	61
	-	-	nm
Other items of expense			
Marketing expenses	(217)	(286)	(24)
Research and Development	(167)	(623)	(73)
Administrative expenses	(7,790)	(7,048)	11
Finance costs	(660)	(804)	(18)
Other expenses	(6,200)	(4,667)	33
Share of joint venture's results (net of tax)	-	(62)	(100)
Loss before tax	(11,057)	(8,288)	33
Income tax expense	(15)	-	nm
Loss from continuing operations, net of tax	(11,072)	(8,288)	34
Discontinued operation			
Profit from discontinued operation, net of tax	-	-	nm
Loss for the year	(11,072)	(8,288)	34
Attributable to:			
Owners of the Company	(10,431)	(7,579)	38
Non-controlling interests	(641)	(709)	(10)
Loss for the year	(11,072)	(8,288)	34
Other comprehensive (loss) / income:			
Net change in fair value of financial asset at FVOCI	5	(45)	(111)
Foreign currency translation	(21)	29	(172)
Other comprehensive (loss) / income for the year, net of tax	(16)	(16)	-
Total comprehensive loss for the year	(11,088)	(8,304)	34
Total comprehensive loss attributable to:			
Owners of the Company	(10,514)	(7,568)	39
Non-controlling interests	(574)	(736)	(22)
Total comprehensive loss for the year	(11,088)	(8,304)	34

Notes to Consolidated Statement of Comprehensive Income	Group		
	12/31/2019 Unaudited	12/31/2018 Audited	Increase / (Decrease)
	S\$'000	S\$'000	%
Loss for the year is arrived at:			
After charging/ (crediting):			
Depreciation of property, plant and equipment	37	48	(23)
Depreciation of right-of-use assets	375	-	nm
Loss on disposal of property, plant and equipment	-	8	(100)
Written down of properties under development	4,576	-	nm
Gain on disposal of a subsidiary	(408)	-	nm
Finance cost	660	804	(18)
Share of result from joint venture	-	62	(100)
Withholding tax expenses	570	673	(15)
Unrealised foreign exchange loss / (gain)	446	(920)	(148)
Net fair value loss on financial assets	479	3,979	(88)
Allowance for doubtful debts	14	-	nm
Finance income	(71)	(44)	61
Goodwill written off	113	-	nm

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

	Group		Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Balance Sheets	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	108	143	1	6
Right-Of-Use Asset	271	-	74	-
Other Investment	451	445	-	-
Investment in joint venture	-	12	-	-
	830	600	75	6
Current assets				
Trade and other receivables	1,407	1,392	31	102
Prepaid operating expenses	143	126	34	15
Properties under development	36,431	56,855	-	-
Properties held for sale	-	186	-	-
Investment securities	577	1,066	21	21
Amounts due from subsidiaries	-	-	37,071	50,003
Bank deposits pledged	5,862	5,235	-	-
Inventory	300	271	-	-
Cash and cash equivalents	3,877	2,053	578	227
	48,597	67,184	37,735	50,368
Total assets	49,427	67,784	37,810	50,374
Current liabilities				
Trade and other payables	21,471	28,449	10,307	14,870
Lease Liability	278	-	74	-
Loans and borrowings	211	2,221	-	-
	21,960	30,670	10,381	14,870
Net current assets	26,637	36,514	27,354	35,498
Total liabilities	21,960	30,670	10,381	14,870
Net assets	27,467	37,114	27,429	35,504
Equity attributable to owners of the Company				
Share capital	104,924	102,425	104,924	102,425
Other reserves	3,647	3,261	173	173
Foreign currency translation reserve	(78)	10	-	-
Accumulated losses	(80,552)	(70,121)	(77,668)	(67,094)
	27,941	35,575	27,429	35,504
Non-controlling interests	(474)	1,539	-	-
Total equity	27,467	37,114	27,429	35,504
Total equity and liabilities	49,427	67,784	37,810	50,374

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

	As at 13/31/2019 (Unaudited)		As at 12/31/2018 (Audited)	
	Secured S\$'000	Unsecured S\$000	Secured S\$'000	Unsecured S\$000
Amount repayable in one year or less, or on demand				
Floating Rate USD Loan – Ballenger Run	-	-	19	-
Floating Rate AUD Loan	211	-	216	-
Corporate Bonds	-	-	1,986 ¹	-
Total Loans and Borrowings	211	-	2,221	-

The Group's borrowings and debt securities as at 31 December 2019 are as follows:

- On 17 April 2019, for Ballenger Run project, the Group entered into a Development Loan Agreement with Manufacturers and Traders Trust Company ("M&T Bank") in the principal amount not to exceed at any one time outstanding of the sum of US\$8.0 (S\$10.8) million, with a cumulative loan advance amount of US\$18.5 (S\$25.0) million, and is repayable within 36 months. The interest rate is based on one month LIBOR plus 375 basis points. The Group was also provided with a Letter of Credit ("L/C") Facility in an aggregate amount of up to US\$0.9 (S\$1.2) million. The annual L/C commission will be 1.5% per annum on the face amount of the L/C. Other standard lender fees will apply in the event L/C is drawn down. Repayment of the Loan Agreement is secured by US\$ 2.6 (S\$3.5) million collateral fund and a Deed of Trust issued to the Lender on the property owned by the Group. Prior to full settlement of the loan, the Group is required to make principal repayment equal to 75% of property sales. As of 31 December 2019, there is no outstanding loan balance.
- A\$0.6 (S\$0.6) million short-term loan was drawn down from an Australian financial institution for land purchases for the development in Mandurah (South of Perth), Western Australia. In September 2017, one of the property has been sold and A\$0.4 (S\$0.4) million short-term loan has been repaid. As of 31 December 2019, the loan is secured by a mortgage against the land and personal guarantees from the CEO of the Company and the executive director of SeD Perth Pty. Ltd. The loan bears a variable interest rate, currently at 5.69% per annum, determined as a weighted average of various prevailing market rates and on 6 February 2019 the loan was renegotiated to be repayable on 31 March 2020. As of 31 December 2019, the outstanding loan balance is S\$0.2 million.

¹ During FY2016, the Company through its Hong Kong subsidiary has issued a total of US\$1.5 (S\$2.0) million corporate bonds to external parties. The Company has recognised the corporate bonds net of transaction costs amounting to S\$0.2 million. The corporate bonds bear an interest rate of 8% per annum and are repayable in 3 years from the issue date. On maturity, the subscriber has an option to acquire a property built by SeD Home Inc. ("SeD Home") under the Black Oak Project. SeD Home shall facilitate the use of the monies due on maturity date as a sale consideration to acquire the property at cost price. SeD Home and Mr. Chan Heng Fai have agreed to share the guarantee of the principal amount of the corporate bonds for a period of 3 years from the issue date up to US\$10.0 (S\$13.5) million and US\$5.0 (S\$6.8) million, respectively. The corporate bonds were fully repaid in FY2019.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

Consolidated Cash Flow Statement	12/31/2019	12/31/2018
	Unaudited	Audited
	S\$'000	S\$'000
Operating activities		
Loss before tax	(11,057)	(8,288)
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	37	48
Loss on disposal of property, plant and equipment	-	8
Written down of properties held for development	4,576	-
Withholding tax expense	570	673
Allowance for doubtful debts	14	-
Net fair value loss on investment securities	479	3,979
Gain on disposal of a subsidiary	(408)	-
Unrealised exchange loss / (gain)	446	(920)
Finance income	(71)	(44)
Finance costs	660	804
Goodwill written off	113	-
Share of result of joint venture	-	62
Total adjustments	6,416	4,610
Operating cash flows before changes in working capital	(4,641)	(3,678)
<u>Changes in working capital:-</u>		
Change in trade and other receivables	(4)	192
Change in prepaid operating expenses	(17)	44
Change in inventory	(29)	(186)
Change in properties under development	15,502	14,945
Change in properties held for sales	186	-
Change in trade and other payables	(1,995)	938
Cash flows generated from operations	9,002	12,255
Interest received	71	44
Interest paid	(147)	(550)
Net cash flows generated from operating activities	8,926	11,749
Investing activities		
Purchase of property, plant and equipment	(5)	(42)
Investment in joint venture	-	(74)
Proceeds from partial disposal of subsidiaries, net of cash disposed	378	114
Acquisition of a subsidiary without change in control	-	(82)
Net cash outflow on disposal of a subsidiary	(42)	-
Net cash flows generated from / (used in) investing activities	331	(84)
Financing activities		
Proceeds from issuance of ordinary shares	2,499	-
(Repayment to)/ Advances from director	(5,743)	1,946
Repayment of loans and borrowings	(2,019)	(11,664)
Cash distribution to non-controlling interest	(1,439)	-
Change in bank deposits pledged	(627)	(1,707)
Net cash used in financing activities	(7,329)	(11,425)
Net increase in cash and cash equivalents	1,928	240
Effect of exchange rate changes on cash and cash equivalent	(104)	105
Cash and cash equivalents at beginning of financial period	2,053	1,708
Cash and cash equivalents at end of financial period	3,877	2,053

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

	Attributable to owners of the Company								Non-controlling interests	Total equity
The Group (Unaudited)	Share capital	Other reserves				Foreign currency translation reserve	Accum'd losses	Equity attributable to owners of the Company		
		Merger reserve	Other reserve	Fair value reserve	Share option reserve					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	102,425	1,480	1,653	(45)	173	10	(70,121)	35,575	1,539	37,114
Loss for the year	-	-	-	-	-	-	(10,431)	(10,431)	(641)	(11,072)
Net change in fair value of financial asset at FVOCI	-	-	-	5	-	-	-	5	-	5
Foreign currency translation	-	-	-	-	-	(88)	-	(88)	67	(21)
Total comprehensive income (loss) for the period	-	-	-	5	-	(88)	(10,431)	(10,514)	(574)	(11,088)
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	2,499	-	-	-	-	-	-	2,499	-	2,499
Cash distribution to non-controlling interests	-	-	-	-	-	-	-	-	(1,439)	(1,439)
Disposal of a subsidiary without loss in control	-	-	381	-	-	-	-	381	-	381
Balance at 31 December 2019	104,924	1,480	2,034	(40)	173	(78)	(80,552)	27,941	(474)	27,467
Balance at 1 January 2018	102,425	1,480	1,788	-	259	(46)	(62,628)	43,278	2,108	45,386
Loss for the year	-	-	-	-	-	-	(7,579)	(7,579)	(709)	(8,288)
Net change in fair value of financial asset at FVOCI	-	-	-	(45)	-	-	-	(45)	-	(45)
Foreign currency translation	-	-	-	-	-	56	-	56	(27)	29
Total comprehensive income (loss) for the year	-	-	-	(45)	-	56	(7,579)	(7,568)	(736)	(8,304)
Disposal of a subsidiary without change in control	-	-	114	-	-	-	-	114	-	114
Increase in shareholding of a existing subsidiary	-	-	(249)	-	-	-	-	(249)	167	(82)
Forfeiture of equity-settled share options to employees	-	-	-	-	(86)	-	86	-	-	-
Balance at 31 December 2018	102,425	1,480	1,653	(45)	173	10	(70,121)	35,575	1,539	37,114

The Company (Unaudited)	Share capital (Note)	Share option reserve	Accum'd losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	102,425	173	(67,094)	35,504
<i>Loss net of tax, representing total comprehensive income for the period</i>	-	-	(10,574)	(10,574)
<i>Issuance of new ordinary shares pursuant to exercise of 2016 warrants</i>	2,499	-	-	2,499
Balance at 31 December 2019	104,924	173	(77,668)	27,429
Balance at 1 January 2018	102,425	259	(54,570)	48,114
<i>Loss net of tax, representing total comprehensive income for the year</i>	-	-	(12,610)	(12,610)
<i>Forefeiture of equity-settled share options to employees</i>	-	(86)	86	-
Balance at 31 December 2018	102,425	173	(67,094)	35,504

Note:

On 26 January 2017, the Company announced the proposed conversion of HBD loan into new shares in the capital of the Company. The Company has on 5 April 2017 completed the proposed conversion and 372,855,000 conversion shares at an issue price of S\$0.04 for each conversion share has allotted and issued to HBD. The Company has also issued five (5) free detachable warrants, each carrying the right to subscribe for one (1) new share at an exercise price of S\$0.048 for each exercise share, on the basis of five (5) warrants for every one (1) conversion share to HBD.

On 21 October 2016, 139,098,617 Rights Shares and 695,493,085 Warrants were allotted and issued by the Company pursuant to the renounceable non-underwritten rights issue 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 shares held by the shareholders of the Company as at the books closure date, and the issue of free detachable warrants, each 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. In FY2019, 62,477,577 warrants were exercised.

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

	Number of shares	Share Capital (S\$'000)
As at 31 December 2019 (Unaudited)	1,163,934,284	104,924
As at 30 June 2019 (Unaudited)	1,101,456,707	102,425

(Please refer to paragraph 1(d)(i) above for information in relation to changes in the Company's share capital.)

Type of Convertibles	Number of Outstanding Convertibles	Number of Shares that may be issued on conversion of all outstanding convertibles
As at 31 December 2019		
1. Share Options under ESOS	1,061,333	1,061,333
2. 2016 Warrants	460,808,268	460,808,268
3. 2017 Warrants	1,864,275,000	1,864,275,000
As at 31 December 2018		
1. Share Options under ESOS	1,061,333	1,061,333
2. 2016 Warrants	523,285,845	523,285,845
3. 2017 Warrants	1,864,275,000	1,864,275,000

The Company did not have any treasury shares and subsidiary holdings held against the total number of the shares outstanding as at 31 December 2019 and 31 December 2018.

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

	Number of shares
As at 31 December 2019 (Unaudited)	1,163,934,284
As at 31 December 2018 (Audited)	1,101,456,707

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

Not applicable. The Company did not have treasury shares during and as at the end of the current financial period reported on.

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion

Not applicable.

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

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as those used in the Group's most recently audited financial statements for the financial year ended 31 December 2018 ("FY2018"), except as disclosed in paragraph 5 below.

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

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant to its operations and are effective for the financial periods beginning on or after 1 January 2019. The adoption of these new and revised SFRS (I) and INT FRS did not result in material adjustments to the Group's financial statements for the financial year ended 31 December 2019.

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

Loss Per Ordinary Share	Group	
	12/31/2019 (Unaudited)	12/31/2018 (Audited)
Loss net of tax attributable to the owners of the Company (\$'000)	(10,431)	(7,579)
Weighted average number of shares ('000)	1,106,336	1,101,457
Basic and diluted loss per ordinary share (Singapore cents)	(0.94)	(0.69)

The basic loss per ordinary share as at 31 December 2019 and 2018 was computed by dividing the loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares.

[†] The basic and diluted losses per ordinary share were the same as the outstanding convertibles as at 31 December 2019 and 2018 were anti-dilutive.

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

	Group		Company	
	31/12/2019 (Unaudited)	31/12/2018 (Audited)	31/12/2019 (Unaudited)	31/12/2018 (Audited)
Net Asset Value attributable to owners of the Company per ordinary share (Singapore cents)	2.40	3.23	1.64	3.22

The net asset value per ordinary share as at 31 December 2019 and 2018 was computed based on the net assets value of the Group and the Company as at the end of the respective financial years and based on 1,163,934,284 and 1,101,456,707 ordinary shares in issue as at the end of the respective financial years.

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

Review of Statement of Comprehensive Income

Financial year ended 31 December 2019 ("FY2019") vs Financial year ended 31 December 2018 ("FY2018")

Continuing Operations

The Group's operations comprise Property Development, Info-Tech Related, Investment and Biomedical Businesses.

In FY2019,

- One unit under the Property Development Business' home incubation project in El Tesoro, Houston, Texas, U.S. has been sold in FY2019 and generated S\$0.3 million in revenue and S\$0.1 million in gross profit.
- Ballenger Run, the Group's U.S. project in Frederick County, Maryland, generated S\$22.5 million in revenue and S\$4.0 million in gross profit in FY2019 from the sale of 123 lots.
- Black Oak, the Group's U.S. project in Houston, Texas, generated S\$8.4 million in revenue and S\$1.5 million in gross loss in FY2019 from the sale of 124 dwelling lots as it was sold at a lower margin as compared to the Ballenger Run Project.
- The Group's subsidiary, iGalen International Inc., ("iGalen") conducts the distribution of dietary and health supplements through network marketing. Sales income and gross profit in FY2019 amounted to S\$1.9 million and S\$1.0 million respectively. The network marketing platform business reported S\$1.7 million net loss in FY2019.

Other income decreased to S\$0.4 million in FY2019 from S\$1.5 million in FY2018. In FY2018, the other income of S\$1.5 million mainly comprised S\$0.9 million unrealised foreign exchange gains arising from the appreciation of the U.S. Dollar on U.S. Dollar-based assets relating to the U.S. Dollar denominated loan from the Company to its U.S. subsidiaries and S\$0.5 million front foot

benefit fees². In FY2019, other income of S\$0.4 million was due to the gain on disposal of a Guangzhou HotApp in January 2019.

Finance income increased to S\$0.07 million was due to the increase in interest income received from the bank deposit.

Marketing expenses in FY2019 was mainly due to the promotion of the iGalen networking marketing business, amounting to S\$0.2 million.

Administrative expenses increased to S\$7.8 million in FY2019 from S\$7.0 million in FY2018 mainly due to an increase in administrative expenses of S\$0.8 million for the network marketing platform business.

Research and development expenditure decreased to S\$0.2 million due to a decrease in consulting fee in FY2019.

Finance cost decreased to S\$0.7 million mainly due to the decrease in interest paid to the loan from director of S\$0.1 million.

In FY2019, other expenses of \$6.2 million comprised \$0.4 million unrealised foreign exchange loss, \$0.6 million withholding tax, \$0.5 million fair value loss of financial assets, \$0.1 million goodwill written off and \$4.6 million written down of property under development for the Black Oak project based on the latest valuation report.

Depreciation decreased by S\$0.01 million as certain assets have been fully depreciated in FY2019.

Review of Balance Sheet As at 31 December 2019 vs 31 December 2018

a) Property, plant & equipment

The Group purchased additional fixed assets totalling S\$0.005 million and the Group's fixed assets depreciated by S\$0.04 million during FY2019.

b) Right-of-use Asset

The operating lease right-of-use asset of S\$0.3 million is the Group's right to use an asset over the life of a lease and recorded as asset in accordance with the new accounting standard.

c) Other investment

The Group has an investment in Global Opportunity Fund ("GOF"), managed by Liquidvalue Asset Management Pte Ltd ("LVAM") amounting to S\$0.4 million and has an investment in a US-listed company amounting to S\$0.1 million.

d) Investment in an joint venture

Investment in joint venture decreased from S\$0.01 million to nil due to the Group's acquisition of additional 50% shareholding of the joint venture on November 2019 and it became the subsidiary of the Group after the acquisition.

² We have established a front foot benefit assessment on all of the NVR lots. This is a 30 year annual assessment allowed in Frederick County which requires homeowners to pay the developer to reimburse the costs of installing public water and sewer to the lots. These assessments become effective as homes are settled at which time we can sell the collection rights to the assessments to investors who will pay a lump sum up front so we can realize the revenue sooner.

e) Trade and other receivables and prepaid operating expenses

Trade and other receivables and prepaid operating expenses increased to S\$1.6 million as at 31 December 2019 from S\$1.5 million as at 31 December 2018 mainly due to the increase in receivable of S\$0.4 million in property development business and S\$0.1 million in IT-related business, offset by a decrease in receivable of S\$0.4 million from network marketing business.

f) Properties under development

The Group's properties under development in the U.S. include Black Oak in Houston, Texas and Ballenger Run in Frederick, Maryland. The Group also has a property under development in Mandurah, Western Australia.

Related costs comprised land purchase costs and other costs such as project financing, project management, development and construction.

Properties under development decreased by \$20.4 million in FY2019 was mainly due to the disposal of properties amounting to S\$28.1 million, translation loss of S\$0.4 million and the impairment of S\$4.6 million, offset by the additional development and financing costs of S\$12.7 million which has been capitalised.

g) Property held for sales

The Group acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, for resale in FY2015. The last unit was sold in FY2019.

h) Investment securities

The Group has invested in shares in a U.S. listed company with the market value of S\$0.2 million as at 31 December 2019.

A promissory note from a company listed in the U.S. OTC market was received for providing consulting services in FY2016 and it was converted into shares in FY2017 with the market value of S\$0.4 million as at 31 December 2019.

The decrease in S\$0.5 million was due to the fair value loss during FY2019.

i) Bank deposits pledged

The deposit pledged is related to a US\$2.6 (S\$3.5) million collateral put up for the US\$8 million construction loan for Ballenger Run project and US\$0.1 (S\$0.1) million escrow money from the Harris County reimbursement for Black Oak project.

The bank deposits pledged increased to S\$5.9 million in FY2019 from S\$5.2 million in FY2018 due to an increase in the money held by M&T bank from the sales of lots of US\$1.6 (S\$2.2) million, offset by the release of the escrow money of US\$1.1 (S\$1.5) million upon meeting certain conditions.

j) Inventory

The increase of S\$0.03 million in inventory is due to the distribution of the biomedical product through the network marketing platform in FY2019.

k) Trade and other payables

Trade and other payables decreased to S\$21.5 million in FY2019 from S\$28.4 million in FY2018 mainly due to a decrease in amount due to a director of S\$5.3 million and decrease in payables relating to the property business of S\$3.3 million, offset by the increase in accrued corporate expenses of S\$0.6 million and increase in payables relating to network marketing business of S\$1.1 million.

l) Lease liability

The operating lease liability of S\$0.3 million is the Group's obligation to pay the landlord for the use of the property over the life of lease and recorded as liability in accordance with the new accounting standard.

m) Loans and borrowings

Loans and borrowings decreased to S\$0.2 million in FY2019 from S\$2.2 million in FY2018 mainly due to the repayment of corporate bonds of S\$2.0 million in FY2019.

n) Working capital

The decrease of S\$9.9 million in working capital relates to the decrease in current assets and current liabilities amounting to S\$18.6 million and S\$8.7 million respectively.

The current assets movement is mainly attributed to the decrease in property held for sale of S\$0.2 million, S\$20.4 million in properties under development and S\$0.5 million in investment securities, offset by the increase in cash and cash equivalents of S\$1.8 million and bank pledged deposit of S\$0.6 million.

The current liabilities movement is mainly attributed to the decrease in trade and other payables of S\$7.0 million and S\$2.0 million in loans and borrowings, offset by the increase in lease liability amounting to S\$0.3 million.

Review of Consolidated Cash Flow Statement

Cash and cash equivalents increased by S\$1.8 million to S\$3.9 million in FY2019 from S\$2.1 million in FY2018.

Operating Activities

Net cash generated from operating activities amounted to S\$8.9 million in FY2019 as compared to net cash generated from operating activities of S\$11.7 million in FY2018. The Group had a net cash outflow of S\$4.6 million from its operating activities before changes in working capital. This mainly relates to the loss before tax of S\$11.1 million and the adjustments of the non-cash items including S\$4.6 million written down of properties held for development, S\$0.5 million fair value loss on investment securities, S\$0.7 million finance cost, S\$0.4 million foreign exchange loss due to the depreciation of the US dollar, S\$0.1 million goodwill written off and S\$0.6 million withholding tax expense, offset by S\$0.4 million gain on disposal of a subsidiary and S\$0.1 million finance income.

The decrease in working capital of S\$13.6 million is mainly due to the S\$15.5 million decrease in properties under development and S\$0.2 million decrease in properties held for sales, mitigated by S\$2.0 million decrease in trade and other payables.

Interest Paid

The interest payment is due to S\$0.1 million interest paid to the private bond holders.

Investing Activities

Net cash generated from investing activities is mainly due to the proceeds from partial disposal of subsidiaries of S\$0.4 million and S\$ 0.2 million proceeds from disposal of properties held for sale.

Financing Activities

Net cash used in financing activities for FY2019 amounted to S\$7.3 million due to:

- (i) the cash repayment to a director of S\$5.7 million;
- (ii) the repayment of loan of S\$2.0 million for the corporate bonds;
- (iii) the cash distribution to non-controlling shareholders relating to the Ballenger Run project of S\$1.4 million;
- (iv) the increase in bank pledged deposit of S\$0.6 million; offset by
- (v) the proceeds from issuance of ordinary shares of S\$2.5 million.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**
- The Group had on 20 February 2020 issued a performance guidance announcement cautioning shareholders that the Group expects to report a loss for FY2019.
10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

International Property Development

Construction activities at the Group's two U.S. land subdivision projects, Ballenger Run and Black Oak, continue to progress.

As mentioned in the announcement dated 8 January 2019, SeD Maryland entered into the Third Amendment to the Lot Purchase Agreement for Ballenger Run Single-Family Attached Villa with NVR the ("Third Amendment"). Pursuant to the Third Amendment, SeD Maryland agreed to convert the 5.9-acre continuing care retirement community ("CCRC") parcel to 36 lots and sell such lots to NVR. SeD Maryland received the required zoning approval to change the number of such lots from 85 to 121 in July 2019. In connection with these additional 36 lots, pursuant to the Third Amendment to the Lot Purchase Agreement, the deposit paid by NVR has increased by \$300,000.

On 13 December 2019, SeD Maryland entered into amendments to the five lot purchase agreements with NVR the ("LPA Amendments"). The LPA Amendments adjusted the agreements to accommodate the most recent market conditions and schedules. The lots sales in FY2020 will expect to be slower after the amendments.

Furthermore, on 31 December 2019, SeD Maryland received notification from Frederick County that the plan for the next 200 lots in the Ballenger Run project was recorded.

For the Black Oak project, as previously announced, on 18 January 2019, the sale of 124 lots under the Purchase and Sale Agreement with Houston LD, LLC was completed. In FY2019 Black Oak development work was focused on the fulfilment of post-closing conditions of this sale.

On 17 October 2019, 150 CCM Black Oak, Ltd., a Texas limited partnership ("150 CCM Black Oak"), entered into an Agreement of Purchase and Sale ("Sale Agreement") with Gehan Homes, Ltd. (the "Purchaser"). However, on 16 December 2019, the due diligence period expired, and the Purchaser has indicated that it has exercised its right to not proceed with the Sale Agreement.

Development continues with both projects whilst we explore opportunities to sell or develop future phases of the project. In addition, the Group is focused on improving the cashflow of the project by sourcing financing, securing further sales contracts, and seeking further infrastructure reimbursements from the relevant improvement district. However, it should be noted that there are global and local factors which are contributing to a heightened level of risk in the housing markets where property developments are situated. We continue to carefully monitor the situation and make efforts to mitigate these risks.

Biomedical Business

Following the shareholders' approval on 24 January 2017 to diversify into biomedical science, healthcare and biotechnology industries, the Group incorporated Global BioLife Inc. ("Global BioLife") on 2 May 2017 to carry out its biomedical activities.

Global BioLife has been presenting its research on its Functional Fragrance Formula ("3F") against tuberculosis ("TB") at the 2020 American Society for Microbiology ("ASM") Biothreats Conference. The 2020 ASM Biothreats Conference took place from 28 January 2020 to 30 January 2020 in Arlington, Virginia.

Global BioLife and Chemia Corporation had contracted American Type Culture Collection ("ATCC"), to conduct the testing in their High Containment Laboratory under Biosafety Level 3 conditions. ATCC was established in 1925 and is a leading developer and supplier of authenticated cells lines and microorganisms who designs custom services for testing the world's most dangerous viruses and bacteria.

At the Global Health Catalyst Summit, Mr Thompson announced the completion of human trials on LaetoseTM conducted at one of the foremost laboratories in the world to measure glycemic index. Additional independent testing conducted at Charles River Laboratories shows LaetoseTM halts stimulation of lipopolysaccharide inflammation which leads to Metabolic Endotoxemia, the root of metabolic-driven disease.

The Group will continue to develop our projects and seek other opportunities for the biomedical business. We expect to generate revenue from the linebacker project through licensing starting in FY2020.

As announced on 14 February 2017, the Group acquired a 53%-stake in iGalen to conduct the distribution of dietary and health supplements through network marketing. The company has entered US, Canada and Korea markets and plans to enter Philippines, Malaysia, Australia, and New Zealand soon.

A new retail e-commerce site will be launched in 1H2020 to allow us to take orders and deliver products.

The direct Sales/Network Marketing channel will be rolled out in FY2020 to begin distributing iGalen products through the HWH Marketplace website where all iGalen distributors will be able to promote their business of selling iGalen products.

IT-Related Businesses

As announced on 29 November 2018, Hotapp International Pte. Ltd. ("HIPL") has entered into a sale and purchase agreement ("SPA") with DSS Asia Limited ("DSL") in relation to the disposal of HIPL's entire shareholding in HotApps Information Technology Co. Ltd., also known as Guangzhou HotApps Technology Ltd. ("the GZ HotApps") for a consideration of US\$100,000.00 to DSL.

Under the SPA, completion of the Disposal is conditional upon the fulfilment of certain conditions precedent. On 14 January 2019, all the conditions were fulfilled and GZ HotApps ceased to be a subsidiary of the Group.

HotApp will continue to control their expense and keep the focus in business to business mobile commerce activities and will continue to explore further streamlining of operations to control expense and identify strategic alliances for business development.

Investment Business

The company has invested in two US listed companies shares and the company will continue to explore potential investment in the coming year.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share cents

Not applicable.

(b) (ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

The Company recorded a net loss and consequently no dividend has been declared or recommended for FY2019.

13. Interested Person Transactions (unaudited) – FY2019

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	As a percentage of the Group's latest audited NTA as at 31 December 2018
Interest paid for the loan from a director Chan Heng Fai	488,705		1.37%
Consultancy Agreement with Pop Motor Consulting Pte Ltd. Chan Heng Fai	330,000	-	0.93%
	818,705		2.30%
		NTA ('000)	35,575

The Group has not obtained a general mandate for IPTs.

On 15 October 2018, the Company and Mr. Chan Heng Fai have signed a loan agreement and a S\$14 million loan facility was provided by Mr Chan. As at 31 December 2019, S\$5.7 million has been drawn down and S\$1.1 million interest has been accrued. The loan facility is unsecured, bears an interest of 6% interest per annum starting from 1 January 2018 (interest-free prior to FY2018).

Mr Chan Tung Moe is the director and the sole shareholder of Pop Motion Consulting Pte Ltd. ("PMCPL") and he is the son of Mr Chan Heng Fai, an Executive Director and Chief Executive Officer of the Company. On 27 August 2018, PMCPL has signed a consultancy services agreement with the Company. The agreement has commenced on 1 September 2018 and the monthly consultancy fee is S\$27,500.

Mr Chan Heng Fai had provided a personal guarantee for the short-term loan of A\$0.63 million from an Australian financial institution for the Mandurah development in Perth.

Mr Chan Heng Fai had provided a personal guarantee for the bonds issuing from SeD Home Ltd to investors up to US\$5 million.

Save as disclosed above, the Group did not have other interested person transaction that exceeding the S\$100,000 threshold.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720 (1).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 15. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements with comparative information for the immediate preceding year.**

	Property Development		Investment Business		Information Technology Business		Biomedical Business		Total Operating Segments	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment Revenue	31,155	23,298	43	44	-	200	1,898	3,380	33,096	26,922
<u>Segment Results</u>										
Segment Gross Profit	2,475	3,210	43	44	-	94	957	316	3,475	3,663
Net profit (loss) before tax	(3,131)	2,854	(1,329)	(5,405)	8	(650)	(2,835)	(3,115)	(7,287)	(6,317)
					Non-Operating Segment - Corporate				(3,770)	(1,971)
					Loss before tax from continue operations				(11,057)	(8,288)

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

During the financial year, the Property Development business segment generated 94.1% of the Group's revenue, from sales in USA. The Biomedical business has generated 5.7% of the Group's revenue from the distribution of biomedical product in FY2019.

The increase in net loss from Property Development business segment is mainly due to the written down of properties held for development on the Black Oak project.

The decrease in net loss from Investment business is mainly due to the fair value loss on financial assets and the loss from the fund management company.

The increase in net profit from Information Technology business segment is mainly due to the decrease in overheads for the HotApp business resulting from the restructuring and the gain on disposal of Guangzhou Hotapp.

The decrease in net loss from Biomedical business is mainly due to the decrease in research and development and administrative expenses for the biomedical business.

Please refer to paragraph 8 for more details.

- 17. A breakdown of sales**

	FY2019	FY2018	Changes
	S\$'000	S\$'000	%
Sales reported:			
1st Half Year	23,785	10,298	130.97
2nd Half Year	9,311	16,624	(43.99)
	33,096	26,922	22.93
Operating (Loss) / Profit after tax:			
1st Half Year	(2,841)	(5,688)	(50.05)
2nd Half Year	(8,231)	(2,600)	216.58
	(11,072)	(8,288)	33.59

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable

- 19. Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or CEO or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not Applicable

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
27 February 2020

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange 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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