



SINGAPORE eDEVELOPMENT LIMITED

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

Unaudited Financial Statement for the Financial Year Ended 31 December 2015

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	Group Year ended		
	31/12/2015 Unaudited	31/12/2014 Audited	Increase/ (Decrease)
	S\$'000	S\$'000	%
Continuing operations			
Revenue	4,337	-	nm
Cost of sales	(3,591)	(41)	8,659
Gross profit	746	(41)	nm
<i>Gross profit %</i>	17%		
Other income	6,386	466	1,270
Marketing expenses	(1,206)	(178)	578
Administrative expenses	(6,534)	(3,875)	69
Research and Development	(1,845)	(231)	699
Other expenses	(1,205)	(3,785)	(68)
Share of result of an associate	(156)	-	nm
Loss from continuing operations	(3,814)	(7,644)	(50)
Finance costs	(139)	(11)	1,164
Loss before tax from continuing operations	(3,953)	(7,655)	(48)
Income tax expense	381	-	
Loss from continuing operations, net of tax	(3,572)	(7,655)	(53)
Discontinued operation			
Gain / (loss) from discontinued operation, net of tax	186	(13,088)	nm
Loss for the year	(3,386)	(20,743)	(84)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(3,480)	(7,642)	(54)
Gain / (loss) from discontinued operation, net of tax	186	(13,088)	nm
	(3,294)	(20,730)	(84)
Non-controlling interests			
Loss from continuing operations, net of tax	(92)	(13)	608
Loss from discontinued operation, net of tax	-	-	
	(92)	(13)	608
	(3,386)	(20,743)	(84)
Other comprehensive income:			
Foreign currency translation	(62)	(7)	786
Total comprehensive income for the year	(3,448)	(20,750)	(83)
Attributable to:			
Owners of the Company			
Comprehensive loss from continuing operations, net of tax	(3,542)	(7,649)	(54)
Comprehensive gain / (loss) from discontinued operation, net of tax	186	(13,088)	nm
	(3,356)	(20,737)	(84)
Non-controlling interests			
Comprehensive loss from continuing operations, net of tax	(92)	(13)	608
Comprehensive loss from discontinued operation, net of tax	-	-	
	(92)	(13)	608
Total comprehensive income for the year	(3,448)	(20,750)	(83)

nm = Not Meaningful

Note: During 2014, the Group decided to discontinue its construction business and reported it as part of discontinued operation from the financial year ended 2014.

Notes to Consolidated Statement of Comprehensive Income	Group		
	FY2015 (Unaudited)	FY2014 (Audited)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss for the year is arrived at:			
After charging / (crediting) :			
Depreciation of property, plant and equipment	72	311	(77)
Interest expense	139	59	136
Net fair value adjustment on derivative	(4,833)	2,961	nm
Share of result of an associate	156	-	nm
Prepaid listing expense written (back) / off	(109)	468	(123)
Amortised cost of Employee Share Options	312	237	32
Provisions for			
- withholding tax expenses	1,117	356	214
- impairment of software	98	-	nm
- claims against corporate indemnities	991	3,461	(71)
- impairment of receivables			
- continuing operations	101	-	nm
- discontinued operation			
- trade receivable	269	108	149
- other receivable	593	-	nm
- disposed subsidiary, CCM Industrial Pte Ltd ("CIPL")	-	15,517	(100)
Gain on disposal of subsidiary, CIPL	-	(19,170)	(100)
Gain on disposal of property, plant and equipment	-	(12)	(100)
Interest income	(20)	-	nm
Unrealised foreign exchange gains	(1,531)	(412)	272
Recovery of claims from a former director	(2,093)	-	nm

nm = Not Meaningful

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

Balance Sheets	Group		Company	
	31/12/2015 Unaudited S\$'000	31/12/2014 Audited S\$'000	31/12/2015 Unaudited S\$'000	31/12/2014 Audited S\$'000
Non-current assets				
Property, plant and equipment	358	128	20	9
Software cost	-	98	-	-
Investment in subsidiaries	-	-	222	926
Investment in associate	277	-	-	-
	<u>635</u>	<u>226</u>	<u>242</u>	<u>935</u>
Current assets				
Properties under development	51,707	17,278	-	-
Properties held for sales	1,819	-	-	-
Due from subsidiaries	-	-	23,664	22,362
Trade and other receivables	6,300	298	146	3
Prepaid operating expenses	211	181	36	69
Investment securities held for trading	21	-	21	-
Bank deposits pledged	3,752	344	-	-
Cash and bank balances	7,123	21,184	3,115	15,488
	<u>70,933</u>	<u>39,285</u>	<u>26,982</u>	<u>37,922</u>
Total assets	71,568	39,511	27,224	38,857
Current liabilities				
Provision for claims	812	3,461	812	3,461
Trade and other payables	10,018	1,940	1,132	795
Accrued operating expenses	3,879	1,577	652	556
Derivative	1,036	5,869	1,036	5,869
Due to subsidiaries	-	-	-	486
Loan from director / shareholder	14,417	-	-	-
Loans and borrowings	14,056	1,609	2,830	1,500
	<u>44,218</u>	<u>14,456</u>	<u>6,462</u>	<u>12,667</u>
Net current assets	26,715	24,829	20,520	25,255
Non-current liabilities				
Loans and borrowings	3,500	3,269	-	-
	<u>3,500</u>	<u>3,269</u>	<u>-</u>	<u>-</u>
Total liabilities	47,718	17,725	6,462	12,667
Net Assets	23,850	21,786	20,762	26,190
Equity attributable to owners of the Company				
Share capital	68,521	67,359	68,521	67,359
Other reserves	980	230	549	237
Retained earnings	(49,083)	(45,789)	(48,308)	(41,406)
	<u>20,418</u>	<u>21,800</u>	<u>20,762</u>	<u>26,190</u>
Non-controlling interests	3,432	(14)	-	-
Total equity	23,850	21,786	20,762	26,190
Total equity and liabilities	71,568	39,511	27,224	38,857

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

	As at 31/12/2015 (Unaudited)		As at 31/12/2014 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand				
Bank Loan - Mandurah	655	-	-	-
Finance Loan - Black Oak	8,490	-	-	-
Bank Loan - Ballenger Run	2,081	-	-	-
Shareholder Loan - HBD	14,417	-	-	-
Non-Transferable Profit-Participation Bond	2,830	-	-	-
Others	-	-	-	1,609
	28,473	-	-	1,609
Amount repayable after one year				
Exchangeable Notes	3,500	-	2,582	-
Bank Loan - Mandurah	-	-	687	-
	3,500	-	3,269	-
Total Loans and Borrowings	31,973	-	3,269	1,609

Loans and Borrowings of the Group

The outstanding loans of the Group as at 31 December 2015 were:

- On 21 February 2014, Singapore Construction & Development Pte. Ltd. (formerly known as CCM Property Pte Ltd, "SCDPL"), a wholly-owned subsidiary of the Company, completed the issuance of 18% exchangeable notes of S\$5 million in principal amount due 2017 ("Exchangeable Notes") pursuant to a subscription agreement dated 23 October 2013 among SCDPL, the Company and Phillip Securities Pte Ltd. The Exchangeable Notes were secured by a negative pledge.

As these Exchangeable Notes conferred to the note holders the right to exchange into the Company's shares, an embedded derivative liability for the exchange rights was recognised and accounted as follows:

	31-Dec-15	31-Dec-14	The derivative was re-measured at fair value on the balance sheet date and changes in its fair value were recognised in the Consolidated Comprehensive Income Statement. As the exchange rights can be exercised any time 6 months after issuance, the derivative was reported as part of current liabilities.
Exchange Rights	1,035	5,869	
Straight Borrowing	3,500	2,582	
Total	4,535	8,451	

- A\$0.63 million (S\$0.66 million) short-term loan from an Australian financial institution for land purchases for development in Mandurah (South of Perth), Western Australia. The loan is secured with 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 is payable on 30 June 2016 and bears a variable interest rate, currently at 5.55% per annum, determined as a weighted average of various prevailing market rates.
- On 20 May 2015, the Company issued an 8% US\$2 million (S\$2.83 million) profit participating private bond maturing in 2017 to an independent party. The bond confers a right for the bondholder to receive in aggregate 30% of the total cash received (net of taxes, including but not limited to withholding tax, if any) from the final distribution of net profits derived from property development projects in the USA and attributable directly to the proportion of the bondholder's funds as part of the Group's equity participation in these property development projects. The bond is redeemable after the 1st anniversary with 6 month written notice.
- US\$6.0 million (S\$8.49 million) short-term construction loan from unrelated private equity fund for the development of the Black Oak Project. The loan is secured by a lien over the land under the Black Oak Project and is repayable in full before 1 October 2016.
- A US\$8.0 million construction loan facility from a US banking corporation for the development of the Ballenger Run Project was entered into on 23 November 2015. The loan is secured by a lien over the land under the Ballenger Run Project and a cash deposit of US\$2.60 million and is

repayable in full before 22 November 2018. As at 31 December 2015, US\$1.47 million (S\$2.1 million) had been drawn and remained outstanding.

- A US\$15.0 million (S\$21.23 million) loan facility from Hengfai Business Development Pte Ltd ("HBD"), a controlling shareholder of the Company and wholly-owned by Executive Director and the Chief Executive Officer of the Company, Mr Chan Heng Fai. US\$10.5 million had been drawn against the facility to finance the land purchase for the Ballenger Run Project. The facility is interest-free and the outstanding loan of US\$10.5 million (S\$14.86 million) is repayable in full before 31 March 2016.

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	FY2015 Unaudited S\$'000	FY2014 Audited S\$'000
Operating activities		
Loss before tax from continuing operations	(3,953)	(7,655)
Loss before tax from discontinued operation	186	(13,088)
Loss before tax, total	(3,767)	(20,743)
Adjustments for:-		
Depreciation of property, plant and equipment	72	311
Gain on disposal of property, plant and equipment	-	(12)
Gain on disposal of a subsidiary	-	(19,170)
Net fair value adjustment on derivative	(4,833)	2,961
Amortised cost of Employee Share Options	312	237
Provision for doubtful debt	963	15,517
Prepaid listing expenses written (back) / off	(109)	468
Provision for claims / (written back)	(1,102)	3,461
Impairment of software	98	-
Withholding tax	1,117	356
Unrealised exchange gain	(1,531)	(412)
Share of result of an associate	156	-
Finance costs	139	59
Finance income	(20)	-
Operating cash flows before changes in working capital	(8,505)	(16,967)
Changes in working capital:-		
Increase in trade and other receivables	(506)	(6,125)
Increase in prepaid operating expenses	(30)	(340)
Increase in gross amount due from customers for contract work-in-progress	-	(7,350)
Increase in properties under development	(31,598)	(16,240)
Increase in properties held for sales	(1,844)	-
Increase in investment securities	(21)	-
Increase in trade and other payables	8,135	7,947
(Decrease) / increase in accrued operating expenses	(2,463)	2,062
Cash flows used in operations	(36,832)	(37,013)
Interest received	20	-
Interest paid	(113)	(59)
Net cash flows used in operating activities	(36,925)	(37,072)
Investing activities		
Purchase of property, plant and equipment	(303)	(135)
Investment in an associate	(433)	-
Proceeds from disposal of property, plant and equipment	-	27
Net cash outflow on acquisition of subsidiaries	-	(416)
Decrease in cash and cash equivalent on disposal of a subsidiary	-	(227)
Net cash flows used in investing activities	(736)	(751)
Financing activities		
Proceeds from loans and borrowings	4,636	11,533
Proceeds from issuance of new ordinary shares	1,215	51,992
Proceeds from issuance of exchangeable notes	-	4,000
Proceeds from loans from director / shareholder	14,860	3,000
Proceeds from issuance of private-participation bond	2,830	-
Proceeds from issuance of shares to minority interest	3,538	-
Repayments of loans and borrowings	-	(8,649)
Repayments of obligations under finance lease	-	(116)
Increase in deposits pledged	(3,436)	(41)
Share issuance expenses	(53)	(442)
Net cash generated from financing activities	23,590	61,277
Net increase in cash and cash equivalents	(14,071)	23,454
Effect of exchange rate changes on cash and cash equivalent	10	27
Cash and cash equivalents at beginning of financial year	21,184	(2,297)
Cash and cash equivalents at end of financial year	7,123	21,184

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.

The Group (Unaudited)	Attributable to owners of the Company							Non-controlling interests
	Share capital	Other reserves				Accum'd losses	Total Equity	
		Merger reserve	Capital reserve	Share option reserve	Foreign currency translation reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	67,359	-	-	237	(7)	(45,789)	21,800	(14)
Loss of the year	-	-	-	-	-	(3,294)	(3,294)	(92)
Foreign currency translation	-	-	-	-	(62)	-	(62)	-
Total comprehensive income for the period	-	-	-	-	(62)	(3,294)	(3,356)	(92)
Grant of equity-settled share options to employees	-	-	-	312	-	-	312	-
Deemed Contribution arising from interest free loan	-	-	500	-	-	-	500	-
Issuance of new ordinary shares ⁽¹⁾	1,215	-	-	-	-	-	1,215	-
Share issuance expenses	(53)	-	-	-	-	-	(53)	-
Issurance of share in subsidiary to investor	-	-	-	-	-	-	-	3,538
Balance at 31 December 2015	68,521	-	500	549	(69)	(49,083)	20,418	3,432
Balance at 1 January 2014	15,809	(2,569)	-	-	-	(25,059)	(11,819)	-
Loss of the year	-	-	-	-	-	(20,730)	(20,730)	(13)
Foreign currency translation	-	-	-	-	(7)	-	(7)	-
Total comprehensive income for the period	-	-	-	-	(7)	(20,730)	(20,737)	(13)
Grant of equity-settled share options to employees	-	-	-	237	-	-	237	-
Disposal of a subsidiary	-	2,569	-	-	-	-	2,569	-
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽²⁾	11,045	-	-	-	-	-	11,045	-
Issuance of new ordinary shares pursuant to Rights Issue and Bonus Shares Issue ⁽³⁾	40,947	-	-	-	-	-	40,947	-
Share issuance expenses	(442)	-	-	-	-	-	(442)	-
Acquisition of subsidiary	-	-	-	-	-	-	-	(1)
Balance at 31 December 2014	67,359	-	-	237	(7)	(45,789)	21,800	(14)

The Company (Unaudited)	Attributable to owners of the Company			
	Share capital	Share option reserve	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	67,359	237	(41,406)	26,190
Loss net of tax, representing total comprehensive income for the year	-	-	(6,902)	(6,902)
Grant of equity-settled share options to employees	-	312	-	312
Issuance of new ordinary shares ⁽¹⁾	1,215	-	-	1,215
Share issuance expenses	(53)	-	-	(53)
Balance at 31 December 2015	68,521	549	(48,308)	20,762
Balance at 1 January 2014	15,809	-	(19,895)	(4,086)
Loss net of tax, representing total comprehensive income for the year	-	-	(21,511)	(21,511)
Grant of equity-settled share options to employees	-	237	-	237
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽²⁾	11,045	-	-	11,045
Issuance of new ordinary shares pursuant to Rights Issue and Bonus Shares Issue ⁽³⁾	40,947	-	-	40,947
Share issuance expenses	(442)	-	-	(442)
Balance at 31 December 2014	67,359	237	(41,406)	26,190

Note:

- (1) On 16 June 2015, the Company entered into a placement agreement with an unrelated person under which 15 million new shares ("Subscription Shares") were issued at S\$0.081 per share on 20 July 2015.

- (2) On 2 January 2014, 1,711,300,000 free and transferrable warrants ("**Bonus Warrants**") in registered form were issued to the shareholders of the Company. Each Bonus Warrant carries a right to subscribe for one new ordinary share in the capital of the Company ("**Shares**", and each a "**Share**") at the exercise price of S\$0.01 each. Additionally, one free and transferrable warrant in registered form ("**Piggyback Warrant**") will be issued by the Company for every validly exercised Bonus Warrant. Each Piggyback Warrant carries a right to subscribe for a new Share at the exercise price of S\$0.011 each.

During the comparative period, 1,059,971,000 Shares had been issued for S\$11,045,000 pursuant to the exercise of Bonus Warrants and Piggyback Warrants. Following Rights and Bonus Issues on 19 September 2014 and Share Consolidation on 7 November 2014, the exercise prices of the Bonus Warrants and Piggyback Warrants were adjusted to S\$0.20 and S\$0.30 per share respectively. Please refer to Note 1 paragraph 1(d)(ii) below for information in relation to the outstanding Bonus Warrants and Piggyback Warrants.

- (3) On 19 September 2014, 13,648,858,520 rights shares and 13,648,858,520 bonus shares were issued for S\$40,947,000 pursuant to renounceable non-underwritten rights issue at an issue price of S\$0.003 for each rights share, on the basis of twelve (12) rights shares for every one (1) existing Share held by shareholders of the Company as at the books closure date ("**Rights Issue**"), and the issue of bonus shares, on the basis of one (1) bonus share for every one rights share subscribed for ("**Bonus Shares Issue**").

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of shares	Share Capital (S\$'000)
As at 31 December 2014 (Audited)	285,295,850	67,359
As at 31 December 2015 (Unaudited)	300,295,850	68,521

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

Types of Convertibles	Number of Outstanding Convertibles	Number of Shares that may be issued on conversion of all outstanding convertibles
As at 31 December 2015		
1. Bonus Warrants	59,531,652	59,531,652
2. Piggyback Warrants	9,333,224	9,333,224
3. Share Options under ESOS	3,714,667	3,714,667
4. Exchangeable Notes of S\$250,000 each	20	83,333,333
As at 31 December 2014		
1. Bonus Warrants	59,531,652	59,531,652
2. Piggyback Warrants	9,333,224	9,333,224
3. Share Options under ESOS	3,714,667	3,714,667
4. Exchangeable Notes of S\$250,000 each	20	83,333,333

The Company did not have any treasury shares as at 31 December 2015 and 31 December 2014.

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 2014 (Audited)	285,295,850
As at 31 December 2015 (Unaudited)	300,295,850

The Company did not have any treasury shares as at 31 December 2015 and 31 December 2014.

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.

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.

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 2014 ("FY2014"), 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 ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that were relevant to its operations and are effective for the financial periods beginning on or after 1 January 2015. The adoption of these new and revised FRS and INT FRS did not result in material adjustments to the Group's financial statements for the financial period ended 31 December 2015.

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	
	31/12/2015 (Unaudited)	31/12/2014 (Audited)
Loss net of tax attributable to owners of the Company (S\$'000)		
Continuing Operations	(3,480)	(7,642)
Discontinued Operation	186	(13,088)
Weighted average number of ordinary shares ('000)	292,036	92,288
Basic and diluted loss per ordinary share[†] (Singapore cents)		
Continuing Operations	(1.19)	(8.28)
Discontinued Operation	0.06	(14.18)

The basic loss per ordinary share as at 31 December 2015 and 2014 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 2015 and 2014 and 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	
	31/12/2015 (Unaudited)	31/12/2014 (Audited)	31/12/2015 (Unaudited)	31/12/2014 (Audited)
Net Asset Value per ordinary share (Singapore cents)	6.80	7.64	6.91	9.18

The net asset value per ordinary share as at 31 December 2015 and 2014 was computed based on the net assets and liabilities of the Group and the Company as at the end of the respective financial years and based on 300,295,850 and 285,295,850 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 2015 ("FY2015") vs Financial year ended 31 December 2014 ("FY2014")

Continuing Operations

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

During FY2015,

- a. The Property Development Business initiated a Home Incubation programme, having acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, USA, for resale. During FY2015, the Group delivered 17 units to buyers and, accordingly, recognised S\$4.08 million and S\$0.48 million as revenue and gross profit respectively. As at 31 December 2015, 10 units of such homes remained on hand. All these units have been pre-sold and the related revenue will be recognised the expected handing over in FY2016.

Pending handover of the units to buyers, the Group recognised S\$0.24 million of rental income from existing tenants in FY2015.

- b. The Information Technology and Investment Businesses have yet to generate any revenue. HotApp, the mobile application of Information Technology Business, was still in the development stage pending commercial launch.

Marketing expenses rose by S\$1.0 million due to an increase in advertising costs of S\$0.4 million and S\$0.1 million for the sales and promotion of tenanted homes in Houston and the three waterfront residential sites in Mandurah City, Perth, Australia, respectively. Additional promotional and administrative expenses of S\$0.5 million were incurred by HotApp as part of its initial launch in the People's Republic of China and user-acquisition activities during FY2015.

Administrative expenses increased significantly by S\$2.7 million mainly due to the following:

- Additional S\$1.5 million of expenses associated with HotApp, mainly due to HotApp's full-year operations in FY2015 vs HotApp's partial operations in FY2014. The Group also incurred higher administrative expenses due to the setting up of HotApp's Hong Kong office and the appointment of a Chief Technology Officer in June 2015;
- Additional S\$0.7 million of expenses associated with U.S. property operations;
- Additional S\$0.2 million of expenses associated with the setting up of the Group's new investment business; and
- Additional S\$0.4 million of expenses due to higher corporate salaries arising from an increase in headcount since the second half of FY2014.

The depreciation expense of S\$0.07 million in FY2015 related principally to plant and equipment deployed for the Information Technology Business whereas the depreciation expense of S\$0.3 million in FY2014 was mainly due to the plant and equipment deployed for the discontinued construction operations.

The finance expense of S\$139,000 in FY2015 related principally to the 8% US\$2 million profit participating private bond deployed to the US property development business whereas the interest expense of S\$11,000 in FY2014 was mainly due to the bank overdraft incurred for Information Technology Business operations.

The Group wrote off Research & Development expenditure totalling S\$1.8 million in FY2015, compared to S\$0.2 million written off in FY2014, due to employee costs, depreciation and other incidental costs incurred for the software development of the HotApp mobile application.

Other income in FY2015 was principally due to a gain of S\$4.8 million from fair-value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes previously recognised as a loss during FY2014 (see also paragraph 1b(ii)). The Group also recognised S\$1.5 million in unrealised foreign-exchange gains arising from appreciation of the US Dollar during FY2015 on US Dollar-based loans to the Group's property development operations in the U.S.

Other expenses in FY2015 included principally a provision of S\$1.12 million for withholding tax arising from accrued interest income on advances to subsidiaries based outside Singapore and a provision of S\$0.10 million for impairment of other receivables and an impairment for software of S\$0.1 million. In FY2014, the Group incurred S\$0.36 million for withholding tax, \$2.96 million for net change in fair value of the derivative for the exchange rights held by holders of Exchangeable Notes and S\$468,000 for prepaid listing expenses written off. Prepaid listing expense was the excess of purchase consideration over the net liabilities acquired and arose from the acquisition of HotApp US.

The Group invested in a newly formed associate, FanssMORE (see Review of Balance Sheet below) and recorded its share of FanssMORE's financial loss for period to 31 December 2015 on equity accounting basis. The loss was principally due to timing difference in recognition of its fee income and marketing expenses incurred during the period.

During the year, arising from deferred tax effect of interest accretion from on fair valuing the interest free loan from HBD, the Group recognised S\$0.38 million of deferred tax benefit arising from tax losses in U.S.

Discontinued Operation

Following the Group's disposal of its construction business held under CCM Industrial Pte Ltd on 21 May 2014, the Group discontinued the construction business and reported its activities as part of Discontinued Operation in FY2014.

The net gain of S\$0.2 million recognised during FY2015 was due to:

1. Recognition of a judgment award of S\$2.0 million arising from Suit No. 257 of 2015 of which S\$1.5 million had been set off against the S\$1.5 million loan from a former director.
2. Additional provision for claims against corporate indemnities amounting to S\$1.0 million.

3. Additional impairment of trade and other receivables of S\$0.3 million and S\$0.6 million, respectively.

**Review of Balance Sheet
As at 31 December 2015 vs 31 December 2014**

a) Property, plant & equipment

The Group purchased additional computer equipment and a motor vehicle totalling S\$0.3 million during the year. The equipment and vehicle depreciated by S\$0.07 million during the year.

b) Investments in an associate

The Group invested S\$0.43 million in an associate, Fanss MORE Group Limited ("FanssMORE"), a privately held property realtor company based in Hong Kong with operations in Hong Kong, PRC, Taiwan and Japan. As at 31 December 2015, the Group recorded S\$0.16 million as its equity share in FanssMORE's net loss based on equity accounting basis.

c) Properties under development

In FY2014, the Group procured lands for development in Houston, Texas ("Black Oak" project) and property development in Perth, Western Australia ("Mandurah" project).

During FY2015, the Group had procured land for development near Washington D.C., in Frederick County, Maryland ("Ballenger Run" project). In November 2015, as part of the Group's home incubation projects, SeD Builder, LLC, a wholly owned subsidiary of the Group, purchased a terraced residential property in Washington DC, USA for renovation and resale.

Related costs principally comprised land purchase and other costs such as project financing, project management, development and construction costs. Additional development and financing costs have been incurred since December 2014.

d) Properties held for sale

The Group initiated a Home Incubation programme, having acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, USA, for resale. During FY2015, the Group delivered 17 units to buyers and as at 31 December 2015, 10 of these units remained on hand. Costs principally related to the acquisition cost incurred.

e) Trade and other receivables

FY2015 balance comprised principally a cash amount of S\$6.1 million held with a financial institution by the private equity fund lender to Black Oak project and was available to Black Oak for construction purpose.

Trade receivables in FY2014 principally related to an amount receivable from a customer of the discontinued construction operation. It had since been fully provided in FY2015.

f) Cash deposit pledged

The deposits pledged for FY2015 were principally related to a US\$2.6 million deposit for the US\$8 million construction loan in connection with the Ballenger Run Project.

g) Provision for claims

The FY2015 balance represented contingent liabilities recognised by the Company and the Group arising from corporate indemnities provided to CIPL. The reduction was due to claims made against the Company of S\$3.6 million, offset by the additional S\$1.0 million provision.

As at 31 December 2015, the Company had fully provided for the S\$0.8 million being the total contingent liabilities arising from the remaining and outstanding corporate indemnities.

h) Trade and other payables

The increase of S\$8.1 million related mainly to the S\$8.3 million deposits received from builders arising from pre-sale agreements for Ballenger Run and Black Oak projects.

i) Accrued operating expenses

The increase of S\$2.3 million related mainly to the additional S\$0.76 million in withholding tax accruals, S\$0.5 million in accrued expenses in USA's property business and another S\$0.5 million of accrued expenses by HotApp.

j) Loans and borrowings (including from director / shareholder)

On 20 May 2015, the Group issued an 8% participating US\$2 million bond maturing on 19 May 2017. The Group also entered into a US\$6 million construction loan agreement with a private equity fund for the Black Oak Project, a US\$8 million construction loan from a bank for the Ballenger Run project and a US\$10.5 million interest-free loan from HBD. In addition, the Group had outstanding Exchangeable Notes and property loan for the Mandurah project. In FY2014, the Group had loans and borrowings, principally Exchangeable Notes, a loan for Mandurah project and an interest-free loan from a former director.

See paragraph 1(b)(ii) for details.

k) Derivative

The derivative represented fair value of exchange rights granted to the holders of the Exchangeable Notes. See paragraph 1(b)(ii) for details.

Review of Consolidated Cash Flow Statement

The Group's cash and cash equivalents decreased by S\$14.1 million from S\$21.2 million as at 31 December 2014, mainly due to net cash used in operating activities during FY2015 amounting to S\$36.9 million.

Operating activities before changes in working capital consumed S\$8.5 million in cash, principally arising from software development by HotApp and Corporate Head Office expenses. Changes in net working capital of S\$28.3 million was principally S\$33.4 million deployed for the Group's various property development projects in the U.S. and Australia; S\$0.9 million interest paid to holders of exchangeable notes; S\$0.1 million interest paid to a private bondholder; S\$2.6 million paid in connection to indemnities for called performance bonds; offset by receipt of S\$8.3 million in deposits from builders and other changes in working capital.

In investing activities, the Group had invested S\$0.43 million for a 19% stake in FanssMORE and S\$0.3 million in additional computer equipment and a motor vehicle during the year.

In financing activities, the Group raised a total of S\$22.3 million from borrowings, which comprised S\$2.8 million from an 8% US\$2 million private participating private bond, drawn down S\$4.6 in loans and US\$10.5 million interest free loan from HBD. The Group also raised S\$1.2 million from a share placement and another US\$2.5 million by issuing new equity units representing 16.45% of the total outstanding membership interests in SeD Maryland (an indirect majority owned subsidiary of the Group) to CNQC Maryland (a nominee of Qingjian International Ltd) during the year.

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 15 January 2016, made an announcement cautioning shareholders that it expected to report a loss for FY2015 which was significantly lower as compared to S\$20.8 million loss reported for FY2014. There was no variance between the forecast and the actual results.

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.

a) Property Development Business

The Group completed the reorganisation of its USA property division in July 2015, having transferred its USA subsidiaries to SeD Home Inc, the Group's real estate development arm. The reorganisation allows the Group to streamline its business activities for greater operational efficiency and facilitates fundraising.

The Group expects to recognise revenue from the Black Oak and Ballenger Run Projects from FY2016. Please refer to the Company announcements on 1 December 2015 and 9 December 2015 for details.

b) Information Technology Business

Having reviewed the operating environment, competitive landscape and its own financial resources following the termination of its Rights Cum Warrants Issue in December 2015, the Group has decided to streamline certain development programmes for its HotApp mobile application. It will also cease funding all new development programmes and marketing activities for HotApp until it is able to secure new funds.

The Group will continue to explore other fundraising avenues for HotApp. Such funding, if any, will be raised via HotApp International Inc ("HTPN"), a 98.17%-owned subsidiary of the Group in USA, and may result in dilution of the Group's equity interest in HTPN. If such fund raising is not attainable, the Group may consider other options including divesting its interest in HTPN, if appropriate.

c) Investment Business

The Group received shareholders' approval in December 2015 to expand the scope of its Investment Business, which it expects to commence in FY2016.

d) Other Corporate Developments

On 29 January 2016, the Company announced a proposed placement of shares to Mr. Chan Heng Fai, SeD's Chief Executive Officer and controlling shareholder, which will raise gross proceeds of S\$7,020,000. The proposed placement is subject to the approval of independent shareholders, as well as approvals from the Securities Industry Council and independent shareholders to waive the requirement for Mr. Chan to make a mandatory general offer to other SeD shareholders. The exercise is also subject to the approval of the Singapore Exchange Securities Trading Limited for the listing and quotation of the shares.

11. Dividend

(a) Current Financial Period Reported On	None
(b) Corresponding Period of the Immediately Preceding Financial Year	None
(c) Date payable	Not Applicable
(d) Books closure date	Not Applicable

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

No dividend has been declared or recommended for FY2015.

13. Update on use of proceeds

Rights Issue

The usage of Net Proceeds from Rights Issue as at the date of this announcement after the reallocations ("Reallocations") announced on 30 December 2014 is set out below:

	Percentage allocation as disclosed in OIS	Amount of Net Proceeds				
		In accordance with percentage allocation as disclosed in OIS (S\$'000)	After the Reallocations and as at the date of this announcement			
			Reallocated (S\$'000)	Utilised (S\$'000)	Deviations (S\$'000)	Unutilised after deviations (S\$'000)
Discharging existing obligations under construction business and redemption of liabilities	15%	6,096	8,536	(10,642) ^a	(2,106)	-
Exploration of and investment in new project opportunities under the Group's Property Development Business	30%	12,193	2,032	(7,628) ^b	(5,596)	-
Temporary financing to existing property development projects	-	-	10,161 ^c	(10,161)	-	-
Exploration of and investment in new project opportunities under the Group's Information Technology Business	30%	12,193	9,753	(4,863) ^d	4,890	-
Investment Business	15%	6,096	6,096	(649)	5,447	-
General working capital	10%	4,064	4,064	(6,699)	(2,635)	-
Total	100%	40,642	40,642	(40,642)	-	-

Set out below is a summary of uses of Net Proceeds since the receipt of the Net Proceeds:

- an aggregate amount of S\$10.6 million was used in the discharge of existing obligations under the Company's construction business and redemption of liabilities to fulfil the Company's obligations under outstanding legacy corporate indemnities.
- an aggregate amount of S\$7.6 million was used to explore and develop new property development projects, namely Ballenger Run (S\$2.0 million) and tenanted single-family homes (S\$5.6 million).
- an amount of S\$10.2 million initially allocated for the exploration of and investment in new project opportunities under the Group's Property Development Business was reallocated for the temporary financing of the Company's existing property development projects, namely Black Oak and Mandurah projects.
- an aggregate amount of S\$4.9 million was used in investment and development projects in Information technology Business, principally in HotApp, a mobile application.
- an aggregate amount of S\$6.7 million, detailed below, was used for the Group's general working capital:

	The Group (S\$'000)
Professional fees	2,154
Payroll	2,251
Exchangeable Notes - Interest	900
Director Fees - FY2014	307
Director Fees - FY2015	39
Rental, office expenditure and other operating expenses	1,048
	6,699

Private Placement

The net proceeds of the private placement were used for the Group's general working capital. Details of principal disbursements as at the date of this announcement are set out below:

The Group (S\$'000)	
Net Proceeds	1,162
Usage in General Working Capital	
Professional fees	259
Rental, office expenditure and other operating expenses	257
Payroll	411
Director fees – FY2015	121
Utilised amount to-date	1,047
Unutilised amount	115

Utilisation of Net Proceeds from US\$2 million Private Bond

The net proceeds from the issuance of the US\$2.00 million private bond announced by the Company on 22 May 2015 of approximately US\$1.92 million (the "Net Proceeds") have been partially utilised to fund property development projects in the USA. Accordingly, as at the date of this announcement, the utilisation of Net Proceeds is set out below:

Use of Net Proceeds	Percentage allocation	Utilised (US\$'000)	Unutilised (US\$'000)
Property development projects in the USA	100%	665	1,257
Total	100%	665	1,257

14. Interested Person Transactions (unaudited) – FY2015

On 27 April 2015, the Shareholders had renewed an IPT General Mandate, previously approved on 18 June 2014, for the Group's Property Development Business to enter into certain transactions with Mr Chan Heng Fai and his associates. The transactions applicable under the IPT General Mandate are sourcing of projects and business development activities; professional management services of property development and investment projects and sales & marketing services for property development projects.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (excluding transactions less than S\$100,000)
Interest accrued on Exchangeable Notes ⁽¹⁾		
▪ Chan Heng Fai ⁽²⁾	S\$630,000	-
▪ Teh Wing Kwan ⁽³⁾	S\$90,000	-
Transactions for purchase of services		
▪ Inter-America Management Corp ⁽⁴⁾	-	S\$473,463

Notes:

- (1) Issuances of Exchangeable Notes to Mr Chan Heng Fai and Mr Teh Wing Kwan were approved by specific resolutions during an Extra-ordinary General Meeting on 20 November 2013.
- (2) Mr Chan Heng Fai is an Executive Director and Chief Executive Officer of the Company.
- (3) Mr Teh Wing Kwan is a Non-Executive Director of the Company.
- (4) Inter-America Management Corp ("IAD") was a company indirectly 55.93% held by Mr Chan Heng Fai and his immediate family (until 27 July 2015) and accordingly an associate of Mr Chan Heng Fai. The management service agreements in connection with Black Oak and Ballenger Run projects were mutually terminated with effect from 15 June 2015.

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. Please refer to section 1(b)(ii) for further details.

- 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.**

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year.
Chan Tung Moe	37	Son of Mr Chan Heng Fai, the Executive director and Chief Executive Officer of the Company.	Appointed on 31 July 2015 as Group Chief Development Officer – an executive who is overall in charge of Group's property development business. Appointed on 12 January 2016 as an Executive Director of the Company.	N.A.

- 20 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).

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
29 February 2016

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.

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