SINGAPORE eDEVELOPMENT LIMITED

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

Unaudited Financial Statement for the Financial Year Ended 31 December 2016

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	Announcement Year ended		
	31/12/2016 Unaudited	31/12/2015 Audited	Increase / (Decrease)
	S$'000	S$'000	%
Continuing operations			
Revenue	1,703	4,337	(60.7)
Cost of sales	(1,480)	(3,591)	(58.8)
Gross profit	223	746	(70.1)
Other items of income			
Interest income	45	20	125.0
Other income	1,319	6,366	(79.3)
Other items of expense			nm
Marketing expenses	102	(1,206)	(108.5)
Research and Development	(534)	(1,845)	(71.1)
Administrative expenses	(5,978)	(6,534)	(8.5)
Finance costs	(56)	(139)	(59.7)
Other expenses	(2,264)	(1,205)	87.9
Share of result/(loss) of an associate	90	(156)	(157.7)
Loss before tax from continuing operations	(7,053)	(3,953)	(341.9)
Income tax (expense) / credit	(809)	381	(312.4)
Loss from continuing operations, net of tax	(7,862)	(3,572)	120.1
Discontinued operation			
Gain from discontinued operation, net of tax	812	186	336.6
Loss for the year	(7,050)	(3,386)	108.2
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(7,829)	(3,480)	125.0
Gain from discontinued operation, net of tax	812	186	336.6
Loss for the year attributable to owners of the Company	(7,017)	(3,294)	113.0
Non-controlling interests			
Loss from continuing operations, net of tax	(33)	(92)	(64.2)
Gain from discontinued operation, net of tax	-	-	nm
Loss for the year attributable to non-controlling interest	(33)	(92)	(64.2)
Loss for the year	(7,050)	(3,386)	108.2
Other comprehensive income:			
Foreign currency translation	16	(62)	(125.8)
Other comprehensive income for the year, net of tax	16	(62)	(125.8)
Total comprehensive income for the year	(7,034)	(3,448)	536.8
Total comprehensive income attributable to:			
Owners of the Company	(7,084)	(3,356)	111.1
Non-controlling interests	50	(92)	(154.4)
	(7,034)	(3,448)	104.0

Notes to Consolidated Statement of Comprehensive Income	Group		
	FY2016 (Unaudited)	FY2015 (Audited)	Increase/ (Decrease)
	S$'000	S$'000	%
Loss for the year is arrived at:			
After charging / (crediting) :			
Depreciation of property, plant and equipment	123	72	70.8
Loss on disposal of property, plant and equipment	56	-	nm
Impairment loss on property, plant and equipment	64	-	nm
Write down of properties held for sale	40	-	nm
Write down of properties under development	642	-	nm
Fair value gain in derivative assets	(39)	-	nm
Fair value loss in investment securities	15	-	nm
Gain on disposal of an associate	(66)	-	nm
Provision for performance bond written back	(812)	-	nm
Interest expense	56	139	(59.7)
Impairment of software	-	98	(100.0)
Loss on early redemption of exchange notes	391	-	nm
Gain in changes in fair value arising from derivative portion of exchangeable notes	(465)	(4,833)	(90.4)
Share of result of an associate	(90)	156	(157.7)
Prepaid listing expense written back	-	(109)	(100.0)
Amortised cost of Employee Share Options	-	312	(100.0)
Provisions for			
- withholding tax expenses	1,095	1,117	(2.0)
- claims against corporate indemnities	-	991	(100.0)
- impairment of receivables	-	963	(100.0)
Interest income	(45)	(20)	125.0
Unrealised foreign exchange gain, net	(825)	(1,531)	(46.1)
Recovery of claims from a former director	-	(2,093)	(100.0)

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Balance Sheets	Unaudited S$'000	Audited S$'000	Unaudited S$'000	Audited S$'000
Non-current assets				
Property, plant and equipment	197	358	23	20
Investment in subsidiaries	-	-	-	222
Investment in an associate	-	277	-	-
	197	635	23	242
Current assets				
Trade and other receivables	314	6,300	122	146
Prepaid operating expenses	193	211	32	36
Properties under development	71,098	52,565	-	-
Properties held for sale	2,002	1,819	-	-
Investment securities	311	21	21	21
Derivative assets	785	-	-	-
Due from subsidiaries	-	-	48,769	23,664
Bank deposits pledged	3,816	3,752	-	-
Cash and bank balances	3,885	7,123	1,377	3,115
	82,404	71,791	50,321	26,982
Total assets	**82,601**	**72,426**	**50,344**	**27,224**
Current liabilities				
Provision for claims	-	812	-	812
Provision for income tax	809	-	-	-
Trade and other payables	15,240	14,755	1,685	1,807
Derivatives liabilities	-	1,036	-	1,036
Loans and borrowings	35,003	28,473	15,202	2,830
	51,052	45,076	16,887	6,485
Net current assets	31,352	26,715	33,434	20,497
Non-current liability				
Loans and borrowings	1,968	3,500	-	-
Total liabilities	**53,020**	**48,576**	**16,887**	**6,485**
Net assets	**29,581**	**23,850**	**33,457**	**20,739**
Equity attributable to owners of the Company				
Share capital	81,286	68,521	81,286	68,521
Other reserves	913	980	549	549
Retained earnings	(56,100)	(49,083)	(48,378)	(48,331)
	26,099	20,418	33,457	20,739
Non-controlling interests	3,482	3,432	-	-
Total equity	**29,581**	**23,850**	**33,457**	**20,739**
Total equity and liabilities	**82,601**	**72,426**	**50,344**	**27,224**

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

	As at 31/12/2016 (Unaudited)		As at 31/12/2015 (Audited)	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable wihtin one year, or on demand				
Floating rate USD loan - Ballenger Run	10,453	-	2,081	-
Fixed rate USD loan - Black Oak	8,687	-	8,490	-
Interest free USD loan	-	15,202	-	14,417
Floating rate AUD loan	661	-	655	-
Private bond	-	-	2,830	-
	19,801	15,202	14,056	14,417
Amount repayable after one year				
Corporate bonds	1,968	-	-	-
Exchangeable notes	-	-	3,500	-
	1,968	-	3,500	-
Total Loans and borrowings	21,769	15,202	17,556	14,417

The Group's borrowings and debt securities as at 31 December 2016 are as follows:

- In November 2015, for the Ballenger Run project, the Group obtained a US$8.0 (S$11.6) million construction loan facility which was secured by a lien over the land related to the project and a cash deposit of US$2.6 (S$3.8) million and is repayable in full before 22 November 2018. The interest rate is based on one month LIBOR + 380 basis points adjusted monthly during the loan term until maturity, with a floor interest rate of 4.5% per annum. As of 31 December 2016, US$7.2 (S$10.4) million has been drawn down and remained outstanding. Prior to full settlement of the loan, the Group is required to make principal repayment equal to 95% of property sales. As the Group is expected to generate revenue from property sales in FY2017, the balance is classified under current liability.

- In October 2015, for the Black Oak project, a short-term construction loan of US$6.0 (S$8.7) million was fully drawn down from a private equity fund ("the Lender") and is secured by a lien over the land related to the project. As of 31 December 2016, the loan million had been fully disbursed and remained outstanding. The loan bears a fixed interest rate of 13% per annum and is repayable in full before 1 April 2017.

- During the last financial year, a US$15.0 (S$21.7) million loan facility was provided by Hengfai Business Development Pte. Ltd. ("HBD"), a substantial shareholder of the Company and a wholly-owned company of Mr Chan Heng Fai, CEO, executive director and a controlling shareholder of the Company. As at 31 December 2016, US$10.5 (S$15.2) million ("HBD loan") has been drawn down to finance a land purchase. The loan facility is unsecured, bears an interest of 6% interest per annum starting from 1 January 2017 (interest-free prior to FY2017) and the outstanding loan of US$10.5 million is repayable upon demand before 31 December 2017.

  On 26 January 2017, the Company announced the proposed conversion of HBD loan into new shares in the capital of the Company. Subject to shareholder's approval, the Company shall allot and issue 372,855,000 new shares ("conversion shares") at an issue price of S$0.04 for each conversion share to HBD. The Company shall also issue 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 20 May 2015, the Company issued an 8% US$2.0 (S$2.9) million profit-participating private bond maturing in 2017 to an external party ("the Bondholder"). The bond confers a right for the Bondholder to receive in aggregate 30% of the net profit after tax received from the Group's property developments projects in the USA, attributable directly to the proportion of the Bondholder's funds invested in these property development projects. The profit-participating private bond was fully redeemed by the Company in FY2016.

- On 16 February 2014, Singapore Construction & Development Pte. Ltd. ("SCDPL"), a wholly-owned subsidiary of the Company, completed the issuance of 18% exchangeable notes of S$5.0 million which are due in 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. The Exchangeable Notes were fully redeemed in FY2016.

- A$0.6 (S$0.6) million short-term loan was drawn down from an Australian financial institution for land purchases for development in Mandurah (South of Perth), Western Australia. 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 6.15% per annum, determined as a weighted average of various prevailing market rates and on 5 January 2017 the loan was renegotiated to be repayable on 31 December 2018.

- During FY2016, the Company through its Hong Kong subsidiary has issued a total of US$1.5 (S$2.2) 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$14.5) million and US$5.0 (S$7.2) million, respectively.

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	FY2016 Announcement Unaudited S$'000	FY2015 Audited S$'000
Operating activities		
Loss before tax from continuing operations	(7,053)	(3,953)
Loss before tax from discontinued operation	812	186
Loss before tax, total	(6,241)	(3,767)
Adjustments for:-		
Depreciation of property, plant and equipment	123	72
Loss on disposal of property, plant and equipment	56	-
Impairment loss on property, plant and equipment	64	-
Write down on properties held for sale	40	-
Write down on properties under development	642	-
Provision for performance bond written back	(812)	991
Litigation claim	-	(2,093)
Net fair value (gain) / loss on derivative	(465)	(4,833)
Grant of equity-settled share options to employees	-	312
Provision for doubtful debt	-	963
Prepaid listing expenses written off	-	(109)
Gain on disposal of an associate	(66)	-
Withholding tax expense	1,095	1,117
Fair value gain in derivative assets	(39)	-
Fair value loss in investment securities	15	-
Unrealised exchange gain	(825)	(1,531)
Interest expense	56	139
Share of result on an associate	(90)	156
Loss on redemption of exchangeable notes	391	
Impairment of Software	-	98
Interest income	(45)	(20)
Operating cash flows before changes in working capital	(6,101)	(8,505)
Changes in working capital:-		
Increase in trade and other receivables	(3)	(506)
Increase in prepaid operating expenses	(49)	(30)
Increase in properties under development	(15,211)	(31,598)
Increase in properties held for sale	(141)	(1,844)
Increase in marketable securities	(305)	(21)
Increase in derivative assets	(22)	-
(Decrease) / Increase in trade and other payables	(1,527)	5,672
Cash flows used in operations	(23,359)	(36,832)
Interest received	45	20
Interest paid	(1,535)	(113)
Net cash flows used in operating activities	**(24,849)**	**(36,925)**
Investing activities		
Purchase of property, plant and equipment	(89)	(303)
Proceeds from disposal of plant and equipment	7	-
Proceeds from disposal of an associate	875	-
Investment in associate	(415)	(433)
Net cash flows from / (used in) investing activities	**378**	**(736)**
Financing activities		
Proceeds from loans and borrowings	14,358	4,636
Proceeds from issuance of shares	13,123	1,215
Proceeds from issuance of bonds	1,967	-
Repayment of exchangeable notes	(5,000)	-
(Repayment) / Issuance of private bond	(2,786)	2,830
Proceeds from issuance of shares to minority interest	-	3,537
Proceeds from loans from director / shareholder	-	14,860
Increase in deposits pledged	-	(3,435)
Share issuance expenses	(358)	(53)
Net cash from financing activities	**21,304**	**23,590**
Net decrease in cash and cash equivalents	**(3,167)**	**(14,071)**
Effect of exchange rate changes on cash and cash equivalents	**(71)**	**10**
Cash and cash equivalents at beginning of financial year	**7,123**	**21,184**
Cash and cash equivalents at end of financial year	**3,885**	**7,123**

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**							
	Note	Share capital	Accum'd losses	Capital Reserve	Foreign currency translation reserve	Share option reserve	Total equity	Non-controlling interests	Total Equity
		S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	
Balance at 1 January 2016		68,521	(49,083)	500	(69)	549	20,418	3,432	23,850
Loss of the year		-	(7,017)	-	-	-	(7,017)	(33)	(7,050)
Other comprehensive income									
Foreign currency translation		-	-	-	(67)	-	(67)	83	16
Total comprehensive income for the year		**-**	**(7,017)**	**-**	**(67)**	**-**	**(7,084)**	**50**	**(7,034)**
Contributions by owners									
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	*1*	6,103	-	-	-	-	6,103	-	6,103
Issuance of new ordinary shares pursuant to private placement	*2*	7,020	-	-	-	-	7,020	-	7,020
Share issuance expenses		(358)	-	-	-	-	(358)	-	(358)
Total contributions by owners		**12,765**	**-**	**-**	**-**	**-**	**12,765**	**-**	**12,765**
Total transactions with owner in their capacity as owners		**12,765**	**-**	**-**	**-**	**-**	**12,765**	**-**	**12,765**
Balance at 31 December 2016		**81,286**	**(56,100)**	**500**	**(136)**	**549**	**26,099**	**3,482**	**29,581**
Balance at 1 January 2015		67,359	(45,789)	-	(7)	237	21,800	(14)	21,786
Loss of the year		-	(3,294)	-	-	-	(3,294)	(92)	(3,386)
Other comprehensive income									
Foreign currency translation		-	-	-	(62)	-	(62)	-	(62)
Total comprehensive income for the year		**-**	**(3,294)**	**-**	**(62)**	**-**	**(3,356)**	**(92)**	**(3,448)**
Contributions by owners									
Grant of equity-settled share options to employees		-	-	-	-	312	312	-	312
Deemed capital contribution arising from interest free loan		-	-	500	-	-	500	-	500
Issuance of new ordinary shares pursuant to private placement	*3*	1,215	-	-	-	-	1,215	-	1,215
Share issuance expenses		(53)	-	-	-	-	(53)	-	(53)
Total contributions by owners		**1,162**	**-**	**500**	**-**	**312**	**1,974**	**-**	**1,974**
Changes in ownership interests in subsidiaries									
Issuance of Share by a subsidiary		-	-	-	-	-	-	3,538	3,538
Total change in ownership interest in subsidiarieis		**-**	**-**	**-**	**-**	**-**	**-**	**3,538**	**3,538**
Total transactions with owner in their capacity as owners		**1,162**	**-**	**500**	**-**	**312**	**1,974**	**3,538**	**5,512**
Balance at 31 December 2015		**68,521**	**(49,083)**	**500**	**(69)**	**549**	**20,418**	**3,432**	**23,850**

The Company (Unaudited)	Note	**Attributable to owners of the Company**			
		Share capital	Accum'd losses	Share option reserve	(Capital deficiency) / Total equity
		S$'000	**S$'000**	**S$'000**	**S$'000**
Balance at 1 January 2016		68,521	(48,331)	549	20,739
Loss net of tax, representing total comprehensive income for the year		-	(47)	-	(47)
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	*1*	6,103	-	-	6,103
Issuance of new ordinary shares pursuant to private placement	*2*	7,020	-	-	7,020
Share issuance expenses		(358)	-	-	(358)
Balance at 31 December 2016		**81,286**	**(48,378)**	**549**	**33,457**
Balance at 1 January 2015		67,359	(41,406)	237	26,190
Loss net of tax, representing total comprehensive income for the year		-	(6,925)	-	(6,925)
Grant of equity-settled share options to employees		-	-	312	312
Issuance of new ordinary shares pursuant to private placement	*3*	1,215	-	-	1,215
Share issuance expenses		(53)	-	-	(53)
Balance at 31 December 2015		**68,521**	**(48,331)**	**549**	**20,739**

Note:

(1) 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.

(2) On 10 May 2016, the Company entered into a placement agreement with Heng Fai Business Development Pte. Ltd, a wholly-owned company of Mr Chan Heng Fai, CEO, executive director and a controlling shareholder of the Company, wherein 117 million new shares were issued at S$0.06 per share on 11 May 2016.

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

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 2016 (unaudited)	569,862,252	81,286
As at 30 June 2016 (unaudited)	417,295,850	75,364

(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 2016		
1. Bonus Warrants	-	-
2. Piggyback Warrants	-	-
3. Share Options under ESOS	3,714,667	3,714,667
4. Exchangeable Notes of S$250,000 each	-	-
5. 2016 Warrants	682,025,300	682,025,300
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
5. 2016 Warrants	-	-

The Company did not have any treasury shares as at 31 December 2016 and 31 December 2015.

All bonus warrants and piggyback warrants expired on 31 December 2016 and all the exchangeable notes have been redeemed in FY2016.

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 2016 (Unaudited)	569,862,252
As at 31 December 2015 (Audited)	300,295,850

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 2015 ("**FY2015**"), 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 2016. 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 2016.

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	
	31/12/2016 (Unaudited)	31/12/2015 (Audited)
Loss net of tax attributable to owners of the Company (S$'000)		
Continuing Operations	(7,829)	(3,480)
Discontinued Operation	812	186
Weighted average number of ordinary shares ('000)	403,387	292,036
Basic and diluted loss per ordinary share† (Singapore cents)		
Continuing Operations	(1.94)	(1.19)
Discontinued Operation	0.20	0.06

The basic loss per ordinary share as at 31 December 2016 and 2015 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 2016 and 2015 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	
	31/12/2016 (Unaudited)	31/12/2015 (Audited)	31/12/2016 (Unaudited)	31/12/2015 (Audited)
Net Asset Value per ordinary share (Singapore cents)	4.58	6.80	5.87	6.91

The net asset value per ordinary share as at 31 December 2016 and 2015 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 569,862,252 and 300,295,850 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 2016 ("FY2016") vs Financial year ended 31 December 2015 ("FY2015")

Continuing Operations

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

In FY2016,

a. The Property Development Business' home incubation programme – of the 27 tenanted single-family homes in El Tesoro, Houston, Texas, U.S. acquired for sale, 5 and 17 units were delivered to buyers in FY2016 and FY2015 respectively. Accordingly, the Group recognised S$1.4 million in revenue in FY2016. The remaining five units are expected to be sold in 1H2017.

b. In FY2016, BMI Capital Partners International Limited ("BMI"), a wholly-owned subsidiary of the Company, collaborated with an external consultant for the Investment Business and a service contract was signed. Revenue of HK$0.4 (S$0.1) million from this contract has been recognised.

c. Restructuring of the Info-Tech Business was completed in FY2016. The focus of HotApp development has shifted to Business-to-Business (B2B) solutions. The team has been working on a trial release of the Enterprise HotApp solution and revenue of S$0.2 million has been recognised in FY2016.

Marketing expenses of S$0.1 million relate to HotApp calling credit and advertising costs for the promotion of the Home Incubation programme which were prepaid in FY2015 but subsequently reversed in FY2016.

Administrative expenses decreased by S$0.6 million in FY2016 from S$6.5 million in FY2015 mainly due to the decrease in overheads for HotApp business resulting from the restructuring.

Research and development expenditure decreased to S$0.5 million in FY2016 from S$1.8 million in FY2015 following the streamlining and restructuring of HotApp's operations as announced on 19 January 2016.

Other income amounted to S$1.3 million in FY2016 compared to S$6.4 million in FY2015. The higher amount in FY2015 was due to a S$4.8 million gain in changes in fair value arising from derivative portion of exchangeable notes, (also see paragraph 1b(ii)). As at 31 December 2016, the Company had fully redeemed the exchangeable notes and a fair value gain of S$0.5 million was recognised.

Other expenses of S$2.3 million (FY2015: S$1.2 million) is mainly due to withholding tax amounting to S$1.1 million and the loss on early redemption of exchangeable note of S$0.4 million as well as a write down of A$0.6 (S$0.6) million has been incurred for the Mandurah project in Australia.

Depreciation increased by S$0.1 million due to additions of furniture and fittings and computer equipment amounting to S$0.1 million.

Finance cost decreased mainly due to the redemptions of the private bond during the year.

The loss from continuing operations increased from S$3.5 million in FY2015 to S$7.9 million in FY2016 mainly comprising:

(i) Gross profit decreased from S$0.7 million in FY2015 to S$0.2 million in FY2016.
(ii) Net fair value gain on derivative liability of S$4.8 million recognised as other income in FY2015.
(iii) Total operating expense reduced from S$9.6 million in FY2015 to S$6.4 million in FY2016.

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$0.8 million recognised during FY2016 is due to a write back of provision for claims.

Review of Balance Sheet
As at 31 December 2016 vs 31 December 2015

a) Property, plant & equipment

The Group purchased additional fixed assets totalling S$0.1 million in FY2016 comprising furniture, fixtures and computers. The Group's property, plant and equipment were depreciated by S$0.1 million and were impaired by S$0.1 million during FY2016.

b) Investment in an associate

In FY2015, the Group invested S$0.4 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. During the year under review, the Group invested an additional S$0.4 million in FanssMORE in order to maintain 19.0% equity stake. The Company divested the investment in FanssMORE in December 2016 and recognised a net gain on disposal of S$0.1 million.

c) Trade and other receivables

Included in trade and other receivables in the previous financial year was an amount of S$5.9 million held on behalf of a private equity fund lender in relation to the fixed rate loan for the Black Oak Project. During the year, the funds were fully drawn down and utilised for the Black Oak project, thereby resulting in a decrease in trade and other receivables as at 31 December 2016.

d) 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 comprise land purchase costs and other costs such as project financing, project management, development and construction. Additional development and financing costs of S$18.5 million were incurred in FY2016.

e) Properties held for sale

The Group in FY2015 acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, for resale. As at 31 December 2016, five units remained on hand. The Company expects that the remaining five units will be sold in 1H2017.

In addition, properties held for sale includes one townhouse located in Washington, DC purchased by the Group in FY2015.

f) Investment securities

The Group has invested in shares in a U.S. listed company for an amount of S$0.3 million during the year.

g) Derivative assets

A promissory note of S$0.8 million from a company listed in a U.S. OTC market has been received for providing consulting services.

h) Cash in Escrow

The deposit pledged is mainly related to a US$2.6 (S$3.8) million collateral put up for the US$8 million construction loan for the Ballenger Run project.

i) Provision for claims

The provision for claims has been fully written back mainly due to the expiry of some of the performance bonds and the assessment of the probability of further claims.

j) Trade and other payables

The increase in trade and other payables in FY2016 is mainly due to the increase in trade and other payables for Black Oak and Ballenger Run projects and the increase in deferred revenue received from the investment business, offset by the repayment of performance bond.

k) Derivative liability

The derivative liability is nil due to the redemption of exchangeable notes during the year.

l) Loans and borrowings

The increase of S$5.2 million comprises the drawdown of US$5.7 (S$8.3) million loan for Ballenger Run project in FY2016 and three (3) corporate bonds issued by the Hong Kong subsidiary of the Company for US$0.5 (S$ 0.7) million each, offset by repayment of US$2.0 (S$2.8) million of the private bond and S$3.5 million of the exchangeable notes. The corporate bonds bear interest rate of 8% per annum and are repayable in 3 years. On maturity, the subscriber has an option to acquire a property built by SeD Home under the Black Oak Project at cost.

m) Working capital

The increase of S$4.6 million in working capital relates to the increase in current assets and current liabilities amounting to S$10.6 million and S$6.0 million, respectively.

The current assets movement relates to the decrease in cash and cash equivalents of S$3.2 million and the decrease in trade and other receivable of S$5.8 million, offset by the increase in properties under development of S$18.5 million, the increase in properties held for sale of S$0.2 million and the increase in investment securities and financial assets of S$1.1 million.

The increase in current liabilities mainly relates to the increase in loan and borrowings of S$6.5 million, offset by the decrease in provision for claims amounting to S$0.8 million and the decrease in derivative liability of S$1.0 million.

Review of Consolidated Cash Flow Statement

Cash and cash equivalents decreased by S$3.2 million to S$3.9 million in FY2016 from S$7.1 million in FY2015.

Operating Activities

Net cash used in operating activities amounted to S$24.8 million in FY2016 as compared to S$36.9 million in FY2015. The group had a net cash outflow of S$6.1 million from its operating activities before changes in working capital. It mainly relates to the loss before tax of S$6.2 million and the adjustments of the non-cash items decreasing the cash flow by S$0.1 million.

The increase in working capital of S$17.2 million is mainly due to the S$15.2 million increase in properties under development and decrease in trade and other payables amounting to S$1.2 million.

Interest Paid

The increase in interest payment is mainly due to the payment of S$1.3 million for the early redemption of the exchangeable notes.

Investing Activities

Net cash from investing activities is mainly due to proceeds from disposal of FanssMORE of S$0.9 million, offset by the additional investment amounting to S$0.4 million in FanssMORE prior to disposal.

Financing activities

Net cash from financing activities for FY2016 amounted to S$21.3 million due to:

(i) The proceeds from loans and borrowings of S$14.4 million is mainly due to loan drawdown for the Ballenger Run project;
(ii) The proceeds from issuance of shares of S$13.1 million is mainly due to the issuance of new ordinary shares to HBD amounting to S$7.0 million and the issuance of new ordinary shares as a result of 2016 rights cum warrants issue amounting to S$5.6 million;
(iii) Net proceeds from Corporate bonds of US$1.5 (S$2.2) million which were issued in FY2016;
(iv) The exchangeable notes were fully repaid in FY2016 for the amount of S$5.0 million; and
(v) The private bond amounting to US$2.0 (S$2.8) million was fully repaid in FY2016.

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, during its 1H2016 results announcement dated 12 August 2016, made an announcement cautioning shareholders that it expected to report a loss for FY2016. The Group reported a loss for the year of S$7.1 million.

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.

As announced in the Corporate and Business Update on 31 October 2016, the Group conducted a review of its operating environment and strategic options. Accordingly, the Group has executed a number of corporate actions in FY2016 to accelerate corporate recovery and enhance shareholder value.

International Property Development

Construction activities at the Group's two U.S. land subdivision projects, Black Oak and Ballenger Run, are progressing and revenue recognition is expected to commence in FY2017.

On 24 January 2017, the Group received shareholders' approval for the expansion of its property development business. This allows the Group to capitalise on opportunities in the property market and develop new revenue streams. According to information released by the National Association of Realtors in January 2017, the U.S. housing market is witnessing an inventory squeeze – the supply of homes on the market is at its lowest level since 1999. In view of the favourable location of Black Oak, SeD Home Inc. intends to embark on homebuilding activities in partnership with other U.S. homebuilders.

Apart from homebuilding, SeD Home Inc. is also exploring, through strategic partnerships, to enlarge the scope of its services to include financing, home management, realtor services, insurance and home validation. The Company is hopeful that providing such services will enable the Group to seize business opportunities in the property sector, as well as to secure revenue and profit in the near-to-medium term, complementing its existing land subdivision projects which have longer gestation periods.

In FY2016, it was announced that SeD Home Inc. restructured its balance sheet through the conversion of existing debt from its parent, SeD, to equity. Subsequently, it has commenced discussion with family offices to raise equity funding for SeD Home Inc.

IT-Related Businesses

Since the start of FY2016, HotApp has revamped its business model and technology platform to focus on business-to-business services, built around enterprise communications and workflow. Its product line will target these industries: (i) network and direct marketing; (ii) enterprise Voice-over-IP; (iii) enterprise messaging; (iv) real estate; (v) social media; (vi) e-commerce; (vii) investor

relations; (viii) healthcare and wellness; and (ix) hospitality, combining HotApp applications with hotel-room management. This strategic shift is intended to create commercial value with a sharper focus.

As announced on 16 February 2017, HotApp entered into a revenue-sharing agreement with iGalen International Inc ("iGalen") – a 53%-owned subsidiary of SeD that specialises in distributing dietary andhealth supplements through network marketing. HotApp will provide iGalen with a mobile enterprise resource planning platform for its members. Under the agreement, iGalen will share 3% of its annual revenue with HotApp for FY2017.

HotApp has also secured two other contracts (with an aggregate contract value of approximately S$0.3 million) to develop a mobile app and backend platform for a real estate agency business in China and a hospitality e-commerce business in Hong Kong and Japan. Revenue recognition from these two contracts started in 2H2016.

Investment Business

The Group has secured projects with an aggregate contract value of approximately S$0.1 million in cash and S$0.7 million in convertible notes. These contracts include a feasibility study for a Hong Kong firm to explore capital market options, and a consultancy contract to restructure a U.S. OTCBB-listed biomedical company. Revenue recognition from these contracts commenced in FY2016 with the remainder to be recognised in FY2017.

Biomedical Business

As part of a strategic shift to diversify and develop new revenue streams, the Group received shareholders' approval on 24 January 2017 to diversify into biomedical science, healthcare and biotechnology industries.

According to the 2016 Global Life Sciences Outlook Report by Deloitte, the global biotechnology market is estimated to be worth US$445 billion by 2019 (compared to US$289 billion in 2014). The Group believes that demand for products and services in the biomedical space will continue to rise and will continually tap opportunities in this space.

As announced on 14 February 2017, the Group acquired a 53% equity stake in U.S. incorporated iGalen to conduct the distribution of dietary and health supplements through network marketing.

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

No dividend has been declared or recommended for FY2016.

13. Update on use of proceeds

Proceeds from 2016 Rights Issue

	Percentage allocation as disclosed in OIS	Amount of Net Proceeds		
		In accordance with percentage allocation as disclosed in OIS (S$'000)	Utilised (S$'000)	Unutilised (S$'000)
Funding the Group's property development projects including the Black Oak Project, the Mandurah Project, the Ballenger Run Project and other property related businesses under the Group's Property Development Business	25	1,354	(734)	620
Funding of the Group's Information Technology Business including HotApp	25	1,353	(1,000)	353
Funding the Group's Investment Business	5	270	(151)	119
General working capital	45	2,437	(2,779)	(342)
Total	**100**	**5,414**	**(4,664)**	**750**

An aggregate amount of S$2.7 million had been used in General Working Capital of the Group and details of principal disbursements are set out below:

	The Group (S$'000)
Professional fees	713
Payroll	878
Director fees	190
Rental, office expenditure and other operating expenses	387
Repayment of performance bond	611
Total	**2,779**

Utilisation of Net Proceeds from US$1.5 million Corporate Bonds

The net proceeds from the issuance of the US$1.5 million corporate bonds announced by the Company on 11 November 2016 of approximately US$1.3 million (the "Net Proceeds") have been partially utilised to fund the Black Oak 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)**
Black Oak project in the U.S.	100%	500	836
Total	**100%**	**500**	**836**

14. Interested Person Transactions (unaudited) – FY2016

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 Catalist Rules)	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules** (excluding transactions less than S$100,000)
Placement of 117,000,000 shares to HBD		
▪ Chan Heng Fai[(1)]	S$7,020,000	
Principal redeemed on Exchangeable Notes		
▪ Chan Heng Fai[(1)]	S$3,500,000	-
▪ Teh Wing Kwan[(2)]	S$500,000	-
Interest paid on Exchangeable Notes		
Chan Heng Fai[(1)]	S$780,164	-
Teh Wing Kwan[(2)]	S$111,699	-
Premium paid on Exchangeable Notes		
Chan Heng Fai[(1)]	S$140,000	-
Teh Wing Kwan[(2)]	S$20,000	-
▪		

Notes:
(1) Mr Chan Heng Fai is an Executive Director and Chief Executive Officer of the Company
(2) Mr Teh Wing Kwan was a Non-Executive Director and resigned on 2 August 2016.

Mr Chan Heng Fai had also provided a personal guarantee for the short term loan of A$0.6 million from an Australian financial institution for the Mandurah development in Perth. Please refer to section 1(b)(ii) for further details.

No general mandate for IPT from the shareholders of the Company has been sought.

15. 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

16. 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.

	Construction (Discontinued Operation)		Property Development		Investment Business		Information Technology Business		Total Operating Segments	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment Revenue	-	-	1,422	4,337	71	-	209	-	1,703	4,337
Segment Results										
Gross profit	-	-	57	746	33	-	133	-	223	746
Net loss before tax	812	186	(2,145)	(721)	(970)	(420)	(1,284)	(4,134)	(3,587)	(5,089)
Non-Operating Segment - Corporate									(2,654)	1,322
Less : Discontinued construction operation									812	186
Loss before tax from continuing operations									**(7,053)**	**(3,953)**

17. 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 most of the Group's revenue, from sales entirely in USA. The Info-Tech Related Business and Investment Business have started to generate revenue in FY2016.

The increase in net loss from Property Development business segment is mainly due to the impairment of property under development and decrease in the gross profit in FY2016.

The increase in net loss from Investment business segment is mainly due to increase in operating expense in FY2016.

The decrease in net loss from Information Technology business segment is mainly due to the decrease in overheads for HotApp business resulting from the restructuring and revenue was recognized in FY2016.

Please refer to paragraph 8 for more details.

18. A breakdown of sales

	FY2016			FY2015			Changes
	Continuing Operations S$'000	Discontinued Operation S$'000	Total S$'000	Continuing Operations S$'000	Discontinued Operation S$'000	Total S$'000	%
Sales reported:							
1st Half Year	893	-	893	3,365	-	3,365	(73.5)
2nd Half Year	810	-	810	972	-	972	(16.7)
	1,703	-	1,703	4,337	-	4,337	
Operating (Loss) / Profit after tax:							
1st Half Year	(5,317)	-	(5,317)	(1,384)	(324)	(1,708)	211.3
2nd Half Year	(2,545)	812	(1,733)	(2,188)	510	(1,678)	3.3
	(7,862)	812	(7,050)	(3,572)	186	(3,386)	

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

Not Applicable

20. 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	38	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.
Chan Yoke Keow Mabel	68	Wife of Mr Chan Heng Fai, the Executive Director and Chief Executive Officer of the Company and mother of Chan Tung Moe, Executive Director of the Company	Appointed on 1 November 2016 as Executive Assistant to CEO – an executive who assists the CEO on daily operations	N.A.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
28 February 2017

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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