

SINGAPORE eDEVELOPMENT LIMITED

(formerly known as CCM Group Limited)
(Incorporated in the Republic of Singapore)
(Company registration no.: 200916763W)

NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF CLOUDTEL

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of the Company (together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has entered into a non-binding memorandum of understanding (the “**MOU**”) dated 12 August 2014 with Mr. Chan Heng Fai and Mr. Jacky Zhuang (the “**Vendors**” and together with the Company, the “**Parties**” and each a “**Party**”) in relation to the proposed acquisition of the Vendors’ entire equity interest in Cloudtel Pte. Ltd. (“**CloudTel**”) by the Company (hereinafter referred to as the “**Proposed Acquisition**”).

The MOU is not intended to be legally binding between the Parties, except for certain provisions relating to, inter alia, costs, confidentiality and governing law.

2. INFORMATION ON THE TARGET COMPANY AND THE VENDORS

2.1 Information on the Target Company

CloudTel is a Singapore-incorporated company with an issued and paid-up share capital of S\$2 comprising two (2) ordinary shares. Mr Chan Heng Fai owns 50% of the ordinary shares of CloudTel while Mr Jacky Zhuang and his team beneficially own the remaining 50%.

CloudTel is a company engaged in delivering cloud communications solutions that may enable people to communicate and interact in today’s digital world, whether be it used in the home or office environment or used for online shopping, hotel bookings, direct sales, healthcare, social care and distance learning. CloudTel’s solutions are delivered utilising the internet infrastructure. In addition, CloudTel’s also engages in the provision of communications hardware and software platforms to complement its cloud communications solutions.

If successfully implemented, CloudTel’s cloud communications solutions may have the potential to overtake usage of the traditional analog and digital desktop telephone. CloudTel’s cloud communications solutions may also prove attractive to telecommunication operators (“**Telcos**”) that may be seeking to replace the traditional analog and digital desktop phones and rebuild the Telcos’ target family market. In line with the transformation of functional mobile phones to smart mobile phones, the analog and digital desktop phones may also witness an upgrade path to IP/internet video smart terminals, which CloudTel’s hardware and software platforms offer.

2.2 Information on the Vendors

Mr Chan Heng Fai is the Executive Director and Chief Executive Officer of the Company. He is an expert in the area of corporate restructuring. He was the chairman and managing director of SGX-ST Catalist-listed SingHaiyi Group Ltd. (formerly known as SingXpress Land Ltd). Mr Chan Heng Fai is also a director of HKEx-listed Xpress Group Limited since September 1992 and its managing chairman since June 1995.

Mr Jacky Zhuang (“**Mr Zhuang**”) currently manages CloudTel as its Chief Executive Officer. Mr Zhuang has more than 15 years of extensive experience in the industry including having spent 10 years in the United States with a Fortune 500 Company. He will be supported by a dedicated team of 25 IT Specialists, Developers and front and back end personnel. Upon approval by the

Nomination Committee of the Board, Mr Zhuang will be invited to join the Group and he shall assume the position of Group's Information Technology Business - Chief Executive Officer.

3. RATIONALE

Following the shareholders' approval of the proposed diversification of Company's businesses to include the Information Technology Business (please refer to the Company's circular dated 14 July 2014), the Proposed Acquisition will provide an opportunity for the Company to grow its Information Technology Business in area such as mobile internet communications and hardware and software developments, which the Company believes has potential for growth, to the benefit of the Company and its Shareholders.

4. PRINCIPAL TERMS

4.1 Proposed Acquisition

The Company shall, on the completion of the Proposed Acquisition, acquire the entire equity interest of CloudTel (the "**Sale Shares**") from the Vendors for the Consideration (defined below).

4.2 Consideration

The consideration for the sale and purchase of the Sale Shares shall be determined by an independent valuation of CloudTel by a valuer which will be appointed based on mutual agreement between the Vendors and the Company.

The Consideration shall be satisfied in Singapore dollars by the issuance and allotment of such number of new ordinary shares ("**Consideration Shares**") of the Company at the issue price to be determined and/or corporate bonds issued by the Company.

The Consideration Shares shall be issued in the name of the Vendors (or such other person(s) as may be directed by the Vendors).

4.3 Conditions Precedent

The completion of the Proposed Acquisition shall be subject to the usual conditions precedent for transactions of such nature, which shall include:

(A) satisfactory financial, business and legal due diligence on and professional valuation of the CloudTel and the Sale Shares by the Company; and

(B) the receipt of all requisite legal, regulatory, corporate and other approvals, in particular:

- (a) the grant by the Securities Industry Council to the Vendors and their concert parties of a waiver of their obligation under Rule 14 of the Singapore Code on Take-overs and Mergers to make a mandatory take-over offer for all the shares in the capital of the Company not already owned and/or held by the Vendors and their concert parties (if required);
- (b) the approval of the SGX-ST for the listing and quotation of the Consideration shares pursuant to the Proposed Acquisition;
- (c) the approval of shareholders of the Company (i) for the Proposed Acquisition and all transactions contemplated thereby; (ii) for the issuance and allotment of the Consideration Shares to the Vendors; and (iii) to waive their rights to receive a mandatory take-over offer for all the shares in the Company not already held by the Vendors and their concert parties as a result of the issuance and allotment of the Consideration Shares to the Vendors;
- (d) the appointment of an Independent Financial Adviser in relation to the Proposed Acquisition (if required); and

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- (e) the approval of the State Administration of Foreign Exchange (“**SAFE**”) of the People’s Republic of China (“**PRC**”) and other relevant authorities in the PRC (if required).

4.4 Exclusivity

In consideration of the time, cost and expense incurred or to be incurred by each Party for due diligence and negotiations, the Parties have agreed to an exclusivity period of six (6) months commencing from the date of the MOU (the “**Exclusivity Period**”) pursuant to which each Party shall (a) not, directly or indirectly, initiate or engage in discussions with, or provide any information to, any other person(s) concerning the matters contained in the MOU; and (b) immediately cease and not negotiate or entertain any discussions or understanding with any other person(s). The Parties may mutually agree in writing to extend the Exclusivity Period.

4.5 Definitive Agreements

The Parties shall in good faith, and using all reasonable commercial efforts, negotiate and agree on the terms and conditions of, and enter into, the definitive agreements that may be required in relation to the Proposed Acquisition and any ancillary agreements that are necessary to give effect to the subject matter of the MOU (the “**Definitive Agreements**”), on or prior to the expiry of the Exclusivity Period.

4.6 Termination

Save for certain provisions relating to, inter alia, costs, confidentiality and governing law which shall survive termination; the MOU shall lapse and cease to have any effect in the event that Parties have not entered into the Definitive Agreements upon the expiry of the Exclusivity Period.

4.6 Governing Law and Jurisdiction

The MOU shall be governed by the laws of the Republic of Singapore. Any question, dispute or issue in connection with the Proposed Acquisition shall be referred to and finally resolved by arbitration by a single arbitrator in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (“**SIAC**”), which rules are deemed to be incorporated by reference. The arbitrator shall be appointed by the SIAC.

5. FURTHER ANNOUNCEMENT

The Company will make further announcements, in compliance with the requirements of Chapter 10 of the Listing Manual, upon the execution of the Definitive Agreements and/or when there are material developments in respect of the Proposed Acquisition.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director and Chief Executive Officer
12 August 2014

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

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

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