

Singapore eDevelopment Limited

(formerly known as CCM Group Limited)

(Company Registration No. 200916763W)

(Incorporated in the Republic of Singapore on 9 September 2009)

Unaudited Half Year Financial Statement Announcement for the Six Months Ended 30 June 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (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.

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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 (Unaudited) Six months ended		
	30/06/2014	30/06/2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	13,773	41,638	(66.9)
Cost of sales	(15,514)	(38,292)	(59.5)
Gross profit	(1,741)	3,346	nm
Other income	54	130	(58.5)
Other gain	606	-	nm
Marketing expenses	(63)	(93)	(32.3)
Administrative expenses	(3,501)	(3,235)	8.2
Other expenses	(936)	-	nm
Loss from operations	(5,581)	148	nm
Finance costs	(131)	(216)	(39.4)
Loss before tax	(5,712)	(68)	nm
Income tax expense	-	-	
Loss net of tax	(5,712)	(68)	nm
Other comprehensive income:			
Foreign currency translation	(1)	-	nm
Total comprehensive income for the period	(5,713)	(68)	
Attributable to:			
Owners of the Company	(5,713)	(68)	nm
Non-controlling interests	*	-	nm
	(5,713)	(68)	nm
Pro-forma Consolidated Statement of Comprehensive Income (segregating losses associated with CIPL)			
Revenue	531	-	nm
Cost of sales	(376)	-	nm
Gross profit	155	-	nm
Other income	-	2	nm
Marketing expenses	-	(22)	nm
Administrative expenses	(1,258)	(422)	298.1
Other expenses	(692)	-	
Loss from operations	(1,795)	(442)	nm
Finance costs	(83)	(10)	730.0
Loss excluding disposed business and before tax	(1,878)	(452)	315.5
Income tax expense	-	-	
Loss excluding disposed business, net of tax	(1,878)	(452)	315.5
Disposal of CIPL			
Net operating loss of CIPL, net of tax	(12,509)	384	nm
Net gain from disposal of CIPL, net of tax	8,675	-	nm
Net Loss from disposed business, net of tax	(3,834)	384	nm
Loss for the period, net of tax	(5,712)	(68)	8300.0
Other comprehensive income:			
Foreign currency translation	(1)	-	nm
Total comprehensive income for the period	(5,713)	(68)	

nm = Not Meaningful
* = Less than S\$1,000

Notes to Consolidated Statement of Comprehensive Income	Group (Unaudited) Six months ended		
	30/06/2014	30/06/2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss after tax is arrived at:			
After charging:			
Depreciation of property, plant and equipment	301	458	(34.3)
Interest expense	52	216	(75.9)
Claims against performance bonds	8,081	-	nm
Provision of impairment of amounts receivable from disposed subsidiary	10,330	-	nm
Share-based compensation (employee share options)	91	-	nm
Significant legal & professional fees (reported as Other expenses above)			
▪ restructuring	261	-	nm
▪ exchangeable notes	150	-	nm
▪ disputes of main building contracts	281	-	nm
▪ disposal of CIPL	165	-	nm
Unrealised foreign exchange translation losses	79	-	nm
And crediting:			
Gain on disposal of subsidiary	19,170	-	nm
Gain on disposal of property, plant and equipment	12	25	(52.0)
Interest income	-	3	-

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

	Group		Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Balance Sheets				
Non-current assets				
Property, plant and equipment	11	2,557	2	-
Investment in subsidiaries	-	-	-	4,159
Trade receivables	-	2,421	-	-
	<u>11</u>	<u>4,978</u>	<u>2</u>	<u>4,159</u>
Current assets				
Gross amount due from customers for contract work-in-progress	400	3,331	-	-
Properties under development	13,510	-	-	-
Due from subsidiaries	-	-	4,156	-
Trade and other receivables	76	15,031	60	7
Prepaid operating expenses	206	587	149	150
Cash and bank deposits pledged	640	1,313	640	303
Cash and bank balances	1,134	871	336	106
	<u>15,966</u>	<u>21,133</u>	<u>5,341</u>	<u>566</u>
Total assets	15,977	26,111	5,343	4,725
Current liabilities				
Provision for legal claim	-	3,000	-	-
Trade and other payables	4,804	23,298	4,078	177
Due to subsidiaries	-	-	491	7,307
Accrued operating expenses	901	1,293	432	211
Loan from directors / shareholder	1,000	1,767	1,000	1,000
Loans and borrowings	6,000	5,973	40	116
	<u>12,705</u>	<u>35,336</u>	<u>6,041</u>	<u>8,811</u>
Net current assets / (liabilities)	<u>3,261</u>	<u>(14,203)</u>	<u>(700)</u>	<u>(8,245)</u>
Non-current liabilities				
Loans and borrowings	7,238	340	1,500	-
Trade payables	-	2,254	-	-
	<u>7,238</u>	<u>2,594</u>	<u>1,500</u>	<u>-</u>
Total liabilities	19,943	37,930	7,541	8,811
Net liabilities	(3,966)	(11,819)	(2,198)	(4,086)
Equity attributable to owners of the Company				
Share capital	26,715	15,809	26,715	15,809
Other reserves	90	(2,569)	91	-
Retained earnings	(30,771)	(25,059)	(29,004)	(19,895)
	<u>(3,966)</u>	<u>(11,819)</u>	<u>(2,198)</u>	<u>(4,086)</u>
Non-controlling interests	*	-	-	-
Total equity	(3,966)	(11,819)	(2,198)	(4,086)
Total equity and liabilities	15,977	26,111	5,343	4,725

* = Less than S\$1,000

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

	As at 30/06/2014 (Unaudited)		As at 31/12/2013 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand				
• the Group (excluding CIPL)	5,960	1,040	116	-
• CIPL	-	-	5,857	-
	5,960	1,040	5,973	-
Amount repayable after one year	-	-	-	-
• the Group (excluding CIPL)	5,738	1,500	-	-
• CIPL	-	-	340	-
	5,738	1,500	340	-
Total Loans and Borrowings	11,698	2,540	6,313	-

Loans and Borrowings of CCM Industrial Pte Ltd ("CIPL")

Interest-bearing bank loans and borrowings of CIPL amounting to S\$5,708,000 as at 31 December 2013 were secured by fixed deposits and corporate guarantee provided by the Company. These loans were fully repaid prior to the disposal of the Company's entire equity interest in CIPL on 21 May 2014 ("Disposal of CIPL"). Obligations under finance leases amounting to S\$491,000 as at 31 December 2013 were secured by the Group's leased plant and equipment with carrying amount of approximately S\$730,000.

Loans and Borrowings of the Group (excluding CIPL)

The Group entered into the following loans since 31 December 2013:

- S\$3.0 million unsecured interest-free loan from Mr Liew Sen Keong, a former director, payable in full in 3 years from 23 January 2014. Mr Liew had agreed to set off S\$1.5 million against the loan principal in exchange for satisfaction of certain obligations under the Sale and Purchase Agreement in relation to Disposal of CIPL.
- On 16 February 2014, CCM Property Pte. Ltd. ("CCM Property"), a wholly-owned subsidiary of the Company, completed the issuance of 18% exchangeable notes of S\$5 million in principal amount due 2016 ("Exchangeable Notes") pursuant to a subscription agreement dated 23 October 2013 between CCM Property, the Company and Philip Securities Pte Ltd.
- On 23 June 2014, S\$1 million interest free loan was extended from HengFai Business Development Pte Ltd, a substantial shareholder of the Company, as a bridging loan and part of its undertaking to subscribe to its entitlement of the proposed rights issue.
- US\$2.1 (S\$2.6) million short-term financing loan[#] from a private investment fund for the purchase of 2 land parcels for Black Oak, the Group's property development project in Houston, Texas, USA. The loan is secured by the entire equity and beneficial interests in the project held via a limited partnership owned 60% by the Group and 40% by the other limited partners. The loan is repayable in full upon maturity on 23 October 2014 with an option to extend for additional six month period and bear interest at 13% per annum.
- An aggregate of US\$2.9 (S\$3.6) million short-term financing[#] from the land-owners for the purchases of 5 land parcels for Black Oak project. These financing are secured by mortgages over the respective land parcels and total US\$5.5 (S\$6.9) million, bearing interest from 8 – 18% per annum and all repayable in full by end of September 2014.
- A\$0.63 million (S\$ 0.73 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 CCM Perth Pty Ltd. The loan is payable on 30 June 2016 and bears variable interest rate, currently at 6.173% per annum, determined as a weighted average of various prevailing market rates.

[#] The Group are engaging various banks in USA to refinance these loans before they are due for full repayment.

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	Unaudited 30/06/2014 S\$'000	Unaudited 30/06/2013 S\$'000
Operating activities		
Loss before tax	(5,712)	(68)
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	301	458
Gain on disposal of property, plant and equipment	(12)	(25)
Gain on disposal of a subsidiary	(19,170)	-
Amortised cost of Employee Share Options	91	-
Provision for impairment of amounts due from former subsidiary	10,330	-
Unrealised foreign currency translation loss	34	-
Finance costs	52	216
Finance income	-	(3)
Operating cash flows before changes in working capital	(14,086)	578
<u>Changes in working capital:-</u>		
(Increase)/decrease in trade and other receivables	410	(4,727)
(Increase)/decrease in prepaid operating expenses	(363)	55
Increase in gross amount due from customers for contract work-in-progress	(7,751)	(8,067)
Increase in properties under development	(12,904)	-
Increase in trade and other payables	15,518	4,683
Increase in accrued operating expenses	244	1,676
Cash flows used in operations	(18,932)	(5,802)
Interest received	-	3
Interest paid	(52)	(216)
Net cash flows used in operating activities	(18,984)	(6,015)
Investing activities		
Purchase of property, plant and equipment	(11)	(132)
Proceeds from disposal of plant and equipment	27	39
Decrease in cash and cash equivalent on disposal of a subsidiary	(227)	-
Net cash flows used in investing activities	(211)	(93)
Financing activities		
Proceeds from loans and borrowings	8,899	1,532
Net Proceeds from issuance of new ordinary shares	11,044	7,058
Net Proceeds from issuance of exchangeable notes	5,000	-
Proceeds from loans from directors / shareholder	4,000	-
Repayments of loans and borrowings	(5,785)	(5,186)
Repayments of obligations under finance lease	(57)	(348)
Decrease/ (increase) in deposits pledged	(337)	1,009
Share issuance expenses	(138)	(758)
Net cash generated from financing activities	22,626	3,307
Net increase/(decrease) in cash and cash equivalents	3,431	(2,801)
Cash and cash equivalents at beginning of financial period	(2,297)	(3,921)
Cash and cash equivalents at end of financial period (Note A)	1,134	(6,722)

Consolidated Cash Flow Statement	Unaudited 30/06/2014 S\$'000	Unaudited 30/06/2013 S\$'000
Note A		
Cash and cash equivalents comprised fixed deposit and cash and bank balances:	1,134	92
Less: Bank overdrafts	-	(6,814)
Cash and cash equivalents	<u>1,134</u>	<u>(6,722)</u>

- 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 S\$'000
	Share capital S\$'000	Other reserves			Accumulated losses S\$'000	(Capital deficiency) / total equity S\$'000	
		Merger reserve S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000			
Balance at 1 January 2014	15,809	(2,569)	-	-	(25,059)	(11,819)	-
Loss of the period	-	-	-	-	(5,712)	(5,712)	-
Foreign currency translation	-	-	-	(1)	-	(1)	-
Total comprehensive income for the period	-	-	-	(1)	(5,712)	(5,713)	-
Grant of equity-settled share options to employees	-	-	91	-	-	91	-
Disposal of a subsidiary	-	2,569	-	-	-	2,569	-
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽¹⁾	11,044	-	-	-	-	11,044	-
Share issuance expenses	(138)	-	-	-	-	(138)	-
Acquisition of subsidiary	-	-	-	-	-	-	*
Balance at 30 June 2014	26,715	-	91	(1)	(30,771)	(3,966)	*
Balance at 1 January 2013	9,565	(2,569)	-	-	(2,639)	4,357	-
Loss net of tax, representing total comprehensive income for the period	-	-	-	-	(68)	(68)	-
Issuance of new ordinary shares pursuant to the Placements ⁽²⁾	7,058	-	-	-	-	7,058	-
Share issuance expenses	(758)	-	-	-	-	(758)	-
Balance at 30 June 2013	15,865	(2,569)	-	-	(2,707)	10,589	-

* less than S\$1,000

The Company (Unaudited)	Attributable to owners of the Company			
	Share capital S\$'000	Share option reserve S\$'000	Accumulated Losses S\$'000	(Capital deficiency) / Total equity S\$'000
Balance at 1 January 2014	15,809	-	(19,895)	(4,086)
<i>Loss net of tax, representing total comprehensive income for the period</i>	-		(9,109)	(9,109)
<i>Grant of equity-settled share options to employees</i>	-	91	-	91
<i>Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽¹⁾</i>	11,044	-	-	11,044
<i>Share issuance expenses</i>	(138)	-	-	(138)
Balance at 30 June 2014	26,715	91	(29,004)	(2,198)
Balance at 1 January 2013	9,565		(1,314)	8,251
<i>Loss net of tax, representing total comprehensive income for the period</i>	-	-	(445)	(445)
<i>Issuance of new ordinary shares pursuant to the Placements ⁽²⁾</i>	7,058	-	-	7,058
<i>Share issuance expenses</i>	(758)	-	-	(758)
Balance at 30 June 2013	15,865	-	(1,759)	14,106

Note:

- (1) 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 financial period, a total of 1,059,971,000 Shares had been issued pursuant to the exercise of Bonus Warrants and Piggyback Warrants.

- (2) The Company had on 26 April 2013 allotted and issued 35 million new Shares to Hengfai Business Development Pte. Ltd. at an issue price of S\$0.086 per Share. The Company had on 21 June 2013 further allotted and issued 44 million new Shares to nine subscribers at an issue price S\$0.092 per Share. (Collectively, the "Placements")

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.

Unaudited	Number of shares	Share Capital (S\$'000)
As at 31 December 2013	171,220,000	15,809
As at 30 June 2014	1,231,191,000	26,715

Please refer to Note 1 of paragraph of 1(d)(i) above for information in relation to the Shares issued pursuant to the exercise of Bonus Warrants and Piggyback Warrants.

On 16 February 2014, CCM Property completed the issuance of 18% exchangeable notes of S\$5 million in principal amount due 2016 ("Exchangeable Notes") pursuant to a subscription agreement dated 23 October 2013 between CCM Property, the Company and Philip Securities Pte Ltd. The issuance of the Exchangeable Notes was approved by the shareholders of the Company at the Extra-ordinary General Meeting on 28 October 2013 ("EGM").

At the same EGM, the shareholders of the Company also approved the adoption of the CCM Share Option Scheme ("CSOS"). On 31 December 2013, the Company granted a total 19,690,300 share options under CSOS, of which 10,273,200 share options had been cancelled during the financial period under review in accordance with the terms and conditions of CSOS.

Types of Convertibles as at 30 June 2014	Number of Outstanding Convertibles	Number of Shares that may be issued on conversion of all outstanding convertibles
1. Bonus Warrants	1,095,511,000	1,095,511,000*
2. Piggyback Warrants	171,607,000	171,607,000*
3. Share Options under CSOS	9,417,100	9,417,100*
4. Exchangeable Notes of S\$250,000 each	20	50,000,000*

* Following shareholders' approval at the EGM on 5 August 2014 of the rights issue and the bonus shares issue, the exercise price and/or the number of the Bonus Warrants, Piggyback Warrants, and Options, and the exchange price of the Exchangeable Notes, will be adjusted in accordance with the respective terms and conditions of the Bonus Warrants, Piggyback Warrants, Options and Exchangeable Notes. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

The Company did not have any outstanding convertibles as at 30 June 2013. The Company did not have any treasury shares as at 30 June 2014 and 30 June 2013.

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.

Unaudited	Number of shares
As at 31 December 2013	171,220,000
As at 30 June 2014	1,231,191,000

The Company did not have any treasury shares as at 30 June 2014 and 31 December 2013.

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 2013 ("FY2013"), 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 2014. 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 30 June 2014.

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

	Group (Unaudited)	
	Six months ended 30/06/2014	Six months ended 30/06/2013
Loss per ordinary share		
Loss net of tax attributable to owners of the Company (S\$'000)	(5,712)	(68)
Weighted average number of ordinary shares ('000,000)	1,089	107
Basic and diluted loss per ordinary share (Singapore cents)	(0.52)	(0.06)

The basic loss per ordinary share as at 30 June 2014 and 30 June 2013 were 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 loss per ordinary share are the same as (i) the outstanding convertibles as at 30 June 2014 were anti-dilutive; and (ii) there were no potentially dilutive shares in issue as at 30 June 2013.

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	
	30/06/2014 (Unaudited)	31/12/2013 (Audited)	30/06/2014 (Unaudited)	31/12/2013 (Audited)
Net liability value per ordinary share (Singapore cents)	(0.32)	(6.90)	(0.18)	(2.39)

The net liability value per ordinary share as at 30 June 2014 and 31 December 2013 were computed based on the net liabilities of the Group and the Company as at the end of the respective financial periods and based on 1,231,191,000 and 171,220,000 ordinary shares in issue as at the end of the respective financial periods.

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

Six months ended 30 June 2014 ("HY2014") vs Six months ended 30 June 2013 ("HY2013")

Note: *The Group disposed its construction business held under CIPL and the disposal of CIPL was completed on 21 May 2014. As such, the Income Statement of the Company for HY2014 included a loss of S\$12.5 million incurred by CIPL during the six month period under review, following substantial losses of S\$21.4 million incurred by the legacy construction business in FY2013. Please refer to the Pro-forma Consolidated Statement of Comprehensive Income on Page 2 for the financial performance of "Disposal of CIPL" for HY2014 reflecting the performance of the legacy construction business until completion of its disposal.*

The Group's total revenue decreased by S\$27.8 million or 66.9% from S\$41.6 million in HY2013 to S\$13.8 million in HY2014. The decrease in HY2014 was mainly due to significant delays in progress of project works – resulting in cost over-runs – in several main building contracts. Overall the Group recorded a gross loss of S\$1.7 million in HY2014 compared to a gross profit of S\$3.3 million in HY2013.

Other income decreased by approximately S\$0.08 million, or 58.5% from S\$0.13 million in HY2013, which had comprised mainly Cash Payout Option received from the Productivity and Innovation Credit Tax Scheme and the Mechanisation Credit Scheme granted by the Building & Construction Authority.

Marketing expenses reduced by S\$0.03 million, or 32.3%, as compared to HY2013 due to reduced marketing activities.

Administrative expenses increased by approximately S\$0.3 million, or 8.2%, from S\$3.2 million in HY2013 to S\$3.5 million in HY2014. The increase was mainly additional expenses of S\$0.57 million associated with new operations in Singapore (for construction) and for property related projects in the United States and Australia and offset by lower expenses without CIPL. The Group also recognised amortised share-based compensation expense of S\$0.09 million arising from the issuance of share options under CSOS at the end of FY2013.

In HY2014, the Group also recorded additional other expenses totalling S\$0.9 million for various professional fees incurred for restructuring and dispute in main building project contracts.

Finance costs decreased by approximately S\$0.09 million, or 39.4%, from S\$0.22 million in HY2013 to S\$0.13 million in HY2014 mainly due to unrealised foreign exchange losses from translating loan receivables denominated in US\$ and A\$. These were offset by lower interest expenses from lower level trade financing and overdraft borrowings over the comparative periods. Borrowing costs of S\$0.6 million arising from Exchangeable Notes and other borrowings directly attributable to acquisitions and developments of properties under development had been capitalised as costs of properties under development.

The decrease in depreciation expense from S\$0.46 million in HY2013 to S\$0.30 million in HY2014 was mainly due to higher level of plant and equipment deployed in HY2013 and shorter period for depreciation in HY2014 due to disposal of CIPL in May 2014.

The Group recognised the following significant items arising from disposal of CIPL that collectively resulted in a net gain of S\$0.61 million being recorded in HY2014:

	Amounts (S\$'000)
Disposal of CIPL	
▪ Gain on de-recognition of net liabilities upon disposal	19,170
▪ Provision for impairment of all amounts receivable from CIPL	(10,330)
Claims against performance bonds in relation to terminations of main building contracts	(8,081)
Legal and other costs	(165)
	<u>606</u>

Review of Balance Sheet

As at 30 June 2014 vs 31 December 2013

The disposal of CIPL on 21 May 2014 and its exclusion from the consolidated balance sheet of the Group accounted for most of the significant changes in financial positions as follows:

Balances as at 31 December 2013	CIPL	Group (excl. CIPL)	Consolidated Balance
	S\$ million		
Property, plant and equipment	2.6	-	2.6
Trade and other receivables and gross amount due from customers for contract work-in-progress totalling	20.8	0.5	21.3
Cash and bank balances (including bank deposit pledged)	1.7	0.5	2.2
Provision for legal claim	(3.0)	-	(3.0)
Trade and other payable	(25.4)	(1.4)	(26.8)
Loans from directors	(0.8)	(1.0)	(1.8)
Loans and borrowings.	(6.2)	(0.1)	(6.3)
Total	(10.3)	(1.5)	(11.8)

In addition to the above changes, the Group's financial position as at 30 June 2014 was due to the following:

- a) Gross amount due from customers for contract work-in-progress was solely from those contracts undertaken by Singapore Construction Pte Ltd ("SCPL") in collaboration with Hauslab Group under a heads of agreement announced by the Company on 10 April 2014. SCPL, the new construction arm of the Group, commenced work under these contracts in June 2014.

- b) Properties under development

The Group had procured lands for development in Houston, Texas, USA (the "Black Oak" project) and Mandurah, Western Australia. The land purchases were partially funded by loans and borrowings of US\$5.0 (S\$6.2) million and A\$0.63 (S\$0.73) million, respectively.

- c) Cash deposit pledged and other payables

The Company reached a settlement agreement with the issuer of a performance bond in respect of the Company's liabilities incurred pursuant to the indemnity and in connection with the calling of the performance bond on termination of the Orion-One Contract (the "Settlement"). The aggregate amount of the Settlement was fixed at S\$3,352,500 and recorded as other payables by the Company and the Group, respectively. Under the Settlement, the Company also placed a cash amount of S\$640,000 in escrow and reported as cash deposit pledged.

d) Loans and borrowings

The Group had entered into new loans and borrowings, principally Exchangeable Notes, project financing loans for Black Oak and Mandurah projects and interest-free loans from a former director and a substantial shareholder. See paragraph 1(b)(ii) for details.

e) Investments in subsidiary (in the Company's balance sheet)

Subsequent to the disposal of CIPL, at the entity level, the Company fully impaired its cost of investments amounting to S\$4.16 million in dormant subsidiaries that were significantly affected by the disposal.

Consolidated net capital deficiency attributed to the owners of the Company improved by S\$7.8 million to S\$4.0 million as at 30 June 2014 from S\$11.8 million as at 31 December 2013. The improvement was mainly due to the increase in issued and paid-up share capital of S\$11.0 million from the issuance of an aggregate of 1.06 billion shares pursuant to the exercise of Bonus Warrants and Piggyback Warrants, which was partially reduced by the share issuance expenses of S\$0.14 million and the loss net of tax of S\$5.7 million incurred in HY2014.

Taking into account proceeds from the exercise of Bonus Warrants and Piggyback Warrants, non-current loan and borrowings and de-recognition of net liabilities upon disposal of CIPL, the Group's net working capital position improved to S\$3.3 million as at 30 June 2014, compared to a net working capital deficiency of S\$14.2 million as at 31 December 2013.

Review of Consolidated Cash Flow Statement

Net cash used in operating activities in HY2014 amounted to S\$19.0 million, mainly due to cash used in operations after adjusting for non-cash items of S\$14.1 million, increase in gross amount due from customers for contract work-in-progress in excess of progress billings of S\$7.8 million, increase in properties under development of S\$12.9 million and offset by an increase in trade and other payables and accrued expenses of S\$15.6 million.

Net cash used in investing activities were S\$0.2 million which was principally due to a decrease in cash and cash equivalents relating to the disposal of CIPL.

Net cash utilised in operating and investing activities were funded by net cash generated from financing activities amounting to S\$22.6 million in HY2014. The issuance of new shares pursuant to exercise of Bonus Warrants and Piggyback Warrants, the issuance of Exchangeable Notes, loans from a former director and additional loans and borrowings raised net proceeds totalling S\$27.9 million. This amount was offset by repayments of borrowings of S\$5.8 million and additional deposit pledged of S\$0.3 million.

Given the above, the Group's cash and cash equivalents improved by S\$3.4 million to a positive balance of S\$1.1 million as at 30 June 2014 from a deficit of S\$2.3 million as at 31 December 2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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.

Liabilities Related To Legacy Construction Business

The Company had provided corporate indemnities to issuers of various performance bonds relating to its construction business under CIPL. On disposal of CIPL on 21 May 2014, outstanding corporate indemnities amounted to S\$16.6 million.

As at the date of this announcement, these corporate indemnities (excluding the settlement in respect of Orion-One contract amounting to S\$3.35 million that the Company has up to end

February 2015 to settle in full) amount to S\$12.3 million as S\$1.0 million of corporate indemnities had expired. The Company will continue to monitor the exposures arising from these corporate indemnities.

Future Strategy – Twin Engines of Growth

While resolving these legacy issues, the Group has in recent months set in motion steps to chart new growth opportunities. The forward strategy will be propelled by two engines – a) construction and property development and b) information technology (“IT”)-related businesses – which reflect the change in the Group’s corporate identity to **Singapore eDevelopment Limited** (“SED”) as approved by shareholders at an Extraordinary General Meeting (“EGM”) on 5 August 2014.

First Engine – Construction & Property Development

As part of the first engine of growth, the Group has announced property development in the United States where it has 60%-stake in a land infrastructure development and sub-division project in Houston, Texas (the “Black Oak” project). Four local builders have already provided written expressions of interests to acquire more than half of the individual sub-divided lots. All land parcels under the project have been procured with the Group’s cash funding of US\$4.3 million and total borrowings of US\$5.0 million. Black Oak is expected to generate revenue for the Group over a three-year period commencing in FY2015.

In Australia, the Group has purchased, with partial bank financing, three waterfront residential land sites in Mandurah City (about 70km south of Perth), to construct seven units of bungalows and good class townhouses for sale. The Group expects to commence marketing and construction in second half of FY2014 and complete them in FY2016.

Such property development will complement the Singapore-based construction activities of its newly established subsidiary SCPL to comprise its first engine of growth. SCPL has already secured several contracts totalling S\$7.7 million in collaboration with Hauslab Group, while pursuing various prospective construction projects.

Second Engine – IT-Related Businesses

The Company recognises that social-media, mobile communications, cloud-computing and e-commerce have entered an era of accelerated growth on a global scale. The investment community worldwide has also been receptive of new platforms, products and business models, judging from market valuations of some of these companies. As these new technologies, communications and applications are mobile- and cloud-enabled, they offer the prospect of rapid global adoption, accelerated revenue growth and scalability at relatively low cost. Accordingly, the Group is in active discussions with various parties which have developed such applications or technologies and whose principals believe their growth may be accelerated by access to the capital market platform or corporate expertise of the Group.

The above corporate recovery and forward growth strategy will hinge on the success of the Rights Issue approved by shareholders at the EGM held on 5 August 2014 – based on the rights issue price and undertakings by two substantial shareholders of the Company, and assuming that no other shareholders will subscribe for their relevant entitlements of rights shares, the Rights Issue will raise minimum net proceeds of S\$3.3 million and maximum net proceeds of up to S\$129.1 million should all outstanding bonus warrants and piggyback warrants be exercised prior to the books closure date, and if full subscription of all Rights Shares takes place.

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 HY2014.

13. Update on use of proceeds

Except for an unutilised amount of S\$401,000 from the net proceeds from the new Shares issued pursuant from the exercise of Bonus Warrants and Piggyback Warrants ("**New Exercised Shares Proceeds**") as previously updated on 4 April 2014 and disclosed below, all proceeds raised from the Company's initial public offer and the Exchangeable Notes had been fully utilised as previously announced by the Company on 2 June 2014 and 15 July 2014.

Purpose	Amount of New Exercised Shares Proceeds		
	Allocated (S\$'000)	Utilised (S\$'000)	Unutilised (S\$'000)
Participation in real estate investment opportunities as may be approved by the Board and board of directors of CCM Property	5,456	(5,456)	-
Satisfaction of indemnity in relation to the termination of the Shenton Way Contract	4,734	(4,734)	-
Working Capital of the Company	453	(453)	-
General working capital purposes of CCM Property	401	-	401
Total	11,044	(10,643)	401

14. Interested Person Transactions (unaudited) – HY2014

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)
Exchangeable Notes		
▪ Liew Sen Keong ⁽¹⁾	S\$500,000	-
▪ Chan Heng Fai ⁽²⁾	S\$2,500,000	-
▪ Teh Wing Kwan ⁽³⁾	S\$500,000	-
Transactions for purchase of services		
▪ Inter-America Management Corp ⁽⁴⁾	-	S\$322,400

Notes:

(1) Mr Liew ceased to be a director of the Company on 28 April 2014.

(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, a company which is indirectly 55.93% held by Mr Chan Heng Fai and his immediate family and accordingly an associate of Mr Chan Heng Fai.

In addition to the above, Mr Liew had provided an unsecured interest-free loan of S\$3.0 million which is payable in full in 3 years from 23 January 2014. Mr Chan Heng Fai had also 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.

15. Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the financial period ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
7 August 2014