



SINGAPORE eDEVELOPMENT LIMITED

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

CORPORATE AND BUSINESS UPDATE

The Board of Directors of Singapore eDevelopment Limited (“**SeD**” or the “**Group**”) wishes to provide shareholders with a corporate and business update following a review of the Group’s operating environment and strategic options.

I) Review of Core Businesses

SGX Catalist-listed SeD unveiled a new corporate identity on 9 August 2014 after disposing its loss-making legacy Singapore construction business. Its main business activities currently are in international property development, information-technology and investment business.

II) International Property Development

The Group owns two main U.S. land sub-division projects – Black Oak and Ballenger Run – under a single U.S. entity, SeD Home Inc. (“**SeD Home Inc.**”).

- a) **Black Oak** – The residential property market in Houston, where the Black Oak project is located, had been impacted by the sharp fall in crude oil prices in recent years which dampened interest from homebuilders and lenders. Due to this market slowdown as well as delays in infrastructure development because of inclement weather, buyers have cut back on pre-sales commitments to 16% of the total lots currently. While oil prices have seen a slight recovery in recent months, sentiment remains cautious pending the outcome of the U.S. Presidential election. The Directors recognise that such uncertainty could lead to the possibility of some further sales commitments being renegotiated. Amidst such uncertainty, the Group has commenced negotiations with other potential purchasers of the lots and informal discussions to partner with several homebuilders to undertake home construction activities. Given recent developments, the Group expects that revenue recognition of the Black Oak project is anticipated to commence in the financial year (“**FY**”) ending 31 December 2017 instead of FY2016.

In the meantime, SeD Home Inc. continues to seek the potential reimbursement from relevant authorities for some of the land development costs it has incurred to date. The district which the Black Oak project is annexed into, is currently exploring an approach to accelerate the reimbursement process. As part of this process, the Black Oak project is being reviewed by a leading property appraiser. Depending on the final outcome, there is potential to receive reimbursements for some of the land development costs in the near future.

- b) **Ballenger Run** – This is a 197-acre, 853 lot land sub-division development located in Frederick County, Maryland, which broke ground in early 2016. SeD Home Inc. is working towards the start of the progressive hand over of 443 lots, or 52% of the units, pre-sold to NYSE-listed NVR Inc. for approximately US\$59.8 million. Of the remaining lots, a regional builder is conducting a feasibility study to consider the purchase of 210 multi-family lots. SeD Home Inc. is hopeful for the contract of sale to be binding upon completion of the feasibility study.

Through Ballenger Run, SeD has established collaborations with two global property players, NVR and QingJian International Group Co., Ltd, underscoring the attractiveness of the project to international investors as well as demonstrating the strength of SeD’s management team.



SINGAPORE eDEVELOPMENT LIMITED

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

- c) **Home incubation** – As an extension of its property development business, the Group embarked on a “home incubation” programme under which individual homes are bought with the intent for resale. To date, the Group has sold 22 single-family homes (“SFH”) and has recently purchased a terrace residential property in Washington D.C., U.S. for renovation and resale. Home incubation complements the Group’s core business in property development as it has shorter business cycles, allowing the Group to record revenue pending the completion of longer-term land sub-division activities.
- d) **Strategy and fund-raising activities for SeD Home Inc.** – As indicated above, the Group had initially started out with land sub-division activities, which typically have longer gestation periods. Following the strategic review and in consideration of the favourable location of the Black Oak project, SeD Home Inc. intends to embark on homebuilding activities in partnership with other U.S. homebuilders.

Further, the Board believes that SeD Home Inc. needs to seek funding from sources other than SeD. Towards this end it has, or intends, to initiate, the following:

- i) Restructuring of SeD Home Inc.’s balance sheet. This is being achieved by converting existing debt from its parent, SeD, to equity; it has also commenced discussion with family offices in Asia and U.S. seeking strategic investments, with a view to raise equity funding for SeD Home Inc. These efforts will improve SeD Home Inc.’s ability to raise bank financing independently without further reliance on the Company and enlarge the scope of its property-related services;
- ii) SeD Home Inc. has begun discussions to acquire smaller U.S. homebuilding projects or ongoing projects to renovate homes. This will provide SeD Home Inc. an alternative revenue stream as well as access to homebuilding projects outside of Houston. SeD Home Inc. has commenced discussions with such a company in Pennsylvania which has over two decades’ experience in acquiring and renovating homes for resale;
- iii) SeD Home Inc. is exploring various payment or financial structures that will accelerate sales commitments, for example, by allowing Asian or other homebuyers to place deposits to book individual SFH units in the Black Oak project off-plan. These deposits will be entitled to an annual interest rate until final payments are made on the home units upon completion; and
- iv) SeD Home Inc. intends to meet related needs for its homebuyers who increasingly prefer to engage with a single services provider. SeD Home Inc. is therefore exploring, through strategic partnerships, to enlarge the scope of property-related services to include financing, home management, realtor services, insurance and home title validation.

As these initiatives gather momentum, SeD Home Inc. may in the future explore options to enhance shareholder value, including the possibility of a listing on a recognised international stock exchange.

III) IT-Related Businesses

HotApp International Inc., listed on the over-the-counter bulletin board (“OTCBB”), is the information communications technology (“ICT”) division of the Group. Since the start of FY2016, HotApp has revamped its business model and technology platform to focus on business-to-business (“B2B”) 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;



SINGAPORE eDEVELOPMENT LIMITED

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

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

Following the revamp, HotApp has secured two contracts (with an aggregate contract value of approximately S\$325,000) 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.

HotApp has also commenced discussions with a global communication service provider, servicing major telecom operators in 50 countries, to form a strategic partnership to jointly establish a platform to offer secure carrier-grade data, voice, video, and instant messaging functions to enterprise customers in various verticals, including financial institutions.

The Board is encouraged by HotApp's ability to secure business for such specialised projects despite its reduced funding and will carefully assess the viability of expanding its development and marketing resources to capture more business opportunities.

IV) Investment Business

The Group has been in negotiations with various potential clients seeking business incubation including capital market opportunities in Greater China. In recent weeks, it has secured projects (with an aggregate contract value of approximately S\$70,000 in cash and S\$696,000 in convertible notes) which include a feasibility study for a Hong Kong firm to explore capital market options such as a potential public listing on the Hong Kong Stock Exchange and a consultancy contract to restructure a U.S. OTCBB-listed medical company.

The Group has also identified and is studying the following asset-light projects or growth opportunities:

- a) Strategic alliances, partnerships, distribution rights for and potential investments in:
 - i) a breakthrough and commercially ready non-toxic organic botanical proprietary blend that can be applied as a mosquito deterrent as well as repellent for personal care, cosmetic, body lotion, shampoo and laundry detergent products;
 - ii) a U.S. New York Stock Exchange-listed company specialising in combating counterfeit products through its proprietary technology which is seeking to expand to Asia; and
- b) Taking strategic stakes in and forming strategic partnerships with financial institutions in the U.S., Europe, China and Hong Kong to offer investment and commercial banking services, thus allowing the Group an asset-light approach to creating new revenue streams.

VI) Corporate Actions and Outlook

As at completion of the recent Rights cum Warrants issue, the Company has raised net proceeds of approximately S\$5.41 million. The proceeds will be used to finance the Group's property development business, HotApp, investment business and for general working capital purposes. The total number of issued Shares of the Company has increased to 556,394,467 Shares and as at 21 October 2016, Mr. Chan Heng Fai, the Group's Executive Director and Chief Executive Officer, held an aggregate interest of 57.61% in the enlarged share capital of the Company.

The Group is optimistic that the above strategic actions will accelerate corporate recovery and enhance shareholder value in the medium to long term. However, as announced on 12 August 2016



SINGAPORE eDEVELOPMENT LIMITED

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

in the Company's unaudited results for the six months ended 30 June 2016, the Group is expected to report a net loss for FY2016, mainly due to low revenue from existing property projects.

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the strategic plans and business updates set out in this announcement will be fully undertaken, completed or develop as currently envisaged.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the action(s) they should take.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director and Chief Executive Officer

31 October 2016