



SINGAPORE eDEVELOPMENT LIMITED

(Incorporated in Singapore)
(Company Registration No. 200916763W)
(the “Company”)

UPDATES ON (1) EXTENSION OF LOAN FACILITY FROM CONTROLLING SHAREHOLDER; (2) INTERNAL RESTRUCTURING; (3) COMPLETION OF ACQUISITION OF SHARES IN HOMEOWN USA INC.; AND (4) BALLENGER RUN PROJECT

(1) EXTENSION OF LOAN FACILITY FROM CONTROLLING SHAREHOLDER

A. INTRODUCTION

The Company (together with its subsidiaries, referred to as the “**Group**”) refers to the announcement of 24 August 2015 in relation to the interest-free loan facility of up to US\$15,000,000 granted by Hengfai Business Development Pte. Ltd. (“**HBD**”) to SeD Home Inc (“**SeD Home**”) (the “**HBD Loan**”) and the announcement of 1 December 2015 announcing the drawdown of US\$10.50 million against the HBD Loan. The HBD Loan will expire on 31 December 2016.

The Company and HBD have mutually agreed to extend the HBD Loan for one year to 31 December 2017 at an interest rate of 6% per annum (the “**Loan Extension**”).

B. BACKGROUND INFORMATION ON HBD

HBD is a controlling shareholder of the Company, and is wholly-owned by an Executive Director and Chief Executive Officer of the Company, Mr Chan Heng Fai. Accordingly, HBD is considered an “interested person” and the Loan Extension is an interested person transaction within the meaning of Chapter 9 of the Catalist Rules.

C. DETAILS OF THE LOAN EXTENSION

(a) Introduction

The Company and HBD have mutually agreed to extend the HBD Loan. In line with the Company’s plans for an internal restructuring of its intercompany loans, the Company also intends to re-assign the extended HBD Loan from SeD Home to the Company (please see below).

(b) Value of the transaction

With respect to this interested person transaction, the value of the transaction is the interest payable for the duration of the Loan Extension. The interest rate of 6% per annum was mutually agreed upon and after taking into account prevailing market rates for other short term debt-financing alternatives available to SeD Home. Accordingly, the value of the transaction is approximately US\$630,000 (or S\$910,800 equivalent), being 6% of the principal amount of US\$10.5 million owing on the HBD Loan.

(c) **Salient Terms of the HBD Loan**

The salient terms of the HBD Loan, as previously announced which remain in force for the duration of the Loan Extension are as follows:

- i. **Repayment of Loan:** All outstanding amounts shall be repaid in full on or before the maturity date of the loan (being 31 December 2017 pursuant to the Loan Extension) or upon demand as per the terms of the HBD Loan;
- ii. **Methods of Repayment:** HBD may elect, acting in its absolute discretion, for SeD Home and/or the Company to repay or satisfy all or any part of the Loan by any combination of the following methods, provided always that all regulatory requirements, including but not limited to Catalist Rules, the Singapore Code on Take-overs and Mergers, and the requirement of the approval of shareholders (if necessary) are complied with:
 - a. Cash repayment in immediately available funds; and/or
 - b. Set off against any consideration payable by HBD and/or its nominees:
 - (1) to SeD Home for the issuance of new shares of SeD Home ("**SeD Home Shares**") to HBD and/or its nominees at the issue price based on the net asset value of SeD Home; and/or
 - (2) to the Company for the transfer of existing SeD Home Shares held by the Company to HBD and/or its nominees at the consideration based on the net asset value of SeD Home.

D. RATIONALE FOR THE LOAN EXTENSION

The Company is of the view that the Loan Extension is beneficial to the Group as this will strengthen the Group's working capital position and help to address any going concern issues which the Company may face. The Board is also of the view that the interest-rate of the HBD Loan for the duration of the Loan Extension is reasonable after taking into consideration, *inter alia*, prevailing market rates for other short term debt-financing alternatives available.

E. THE LOAN EXTENSION AS AN INTERESTED PERSON TRANSACTION

The value of the Loan Extension transaction, being US\$630,000 (or S\$910,800 equivalent), represents approximately 4.46% of the latest audited consolidated net tangible assets of the Group of S\$20,418,000 as at 31 December 2015 (the "**2015 Group NTA**"), as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

As the value is less than five per cent. (5%) of the 2015 Group NTA, approval of the independent Shareholders is not required for this transaction.

The current total value of all interested person transactions, excluding transactions which are less than S\$100,000 with (i) HBD and its associates and (ii) all other interested persons of the Company, for the period from 1 January 2016 to the date of this announcement and the percentage of the 2015 Group NTA represented by such values, are as follows :

| | Before the Loan Extension | | Including the Loan Extension | |
|--|---------------------------|--|------------------------------|--|
| | Amount (\$) | Percentage of audited NTA of the Group (%) | Amount (\$) | Percentage of audited NTA of the Group (%) |
| Total value of all transactions with HBD and its associates | - | - | 910,800 | 4.46 |
| Total value of all transactions with all interested persons of the Company | - | - | 910,800 | 4.46 |

F. AUDIT AND RISK MANAGEMENT COMMITTEE STATEMENT

Having considered the terms, rationale and benefits of the Loan Extension, the Audit and Risk Management Committee is of the view that the Loan Extension is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

G. FINANCIAL EFFECTS

The Loan Extension is not expected to have any material impact on the Group's net tangible assets per share and earnings per share for the financial year ending 31 December 2016.

H. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER IN THE PROPOSED DISPOSAL

Save as disclosed in this Announcement, to the best knowledge of the Directors, none of the other Directors or controlling Shareholder of the Company has any interest, direct or indirect, in the Loan Extension.

(2) INTERNAL RESTRUCTURING

A. INTRODUCTION

The Group intends to restructure and capitalize the Group's intercompany loans under the US property segment ("**Internal Restructuring Exercise**").

B. DETAILS OF THE INTERNAL RESTRUCTURING EXERCISE

The Internal Restructuring Exercise will take place in three phases as follows:

Phase 1

The HBD Loan will be transferred from SeD Home to the Company, and all outstanding loans from the Group's wholly owned subsidiary, Singapore Construction & Development Pte. Ltd. ("**SCDPL**") to the Group's US entities, namely SeD USA LLC and SeD Home, together with existing loan amounts from the Company to SeD Home will be aggregated into a sum of approximately US\$32.95 million or (S\$47.63 million equivalent) to be lent directly from the Company to SeD Home.

The Company will incorporate a new wholly-owned entity in the US, SeD Home International Inc (“SHI”), to act as an intermediate Company between the Company and SeD Home. Subsequent to its incorporation, the Company will transfer its entire shareholding and the US\$32.95 million (or S\$47.53 million equivalent) intercompany loan in SeD Home to SHI.

Phase 2

SeD Home will capitalise US\$26.89 million (or S\$38.88 million equivalent) of the intercompany loans owing to SHI.

Phase 3

Pending further advice from its US adviser, SeD Home may also proceed to capitalise the remaining intercompany loans owing to SHI which may be subject to further variation.

C. RATIONALE

The Company has approached several banks in the USA for financing of the Company’s Black Oak project but has yet to be able to obtain bank financing on terms favourable to the Company. With reference to the Company’s announcement dated 22 September 2016, the outstanding loan taken by the Group in relation to the Black Oak project matures on 1 April 2017 and the Company will have to refinance this loan upon its maturity.

For the purposes of obtaining bank financing on terms which are more favourable, the Company will require a strengthened balance sheet for its US-based borrowing entity. After careful consideration and deliberation by the management of the Company, the Company has decided to undergo the Internal Restructuring Exercise to enable SeD Home to capitalise the principal amounts of its loans to improve its balance sheet and reduce its gearing ratio.

D. UPDATES TO SHAREHOLDERS

The Company will make such announcements to update its shareholders when there are material updates as may be necessary or appropriate.

(3) COMPLETION OF ACQUISITION OF SHARES IN HOMEOWNUSA INC.

Further to the Company’s announcement dated 15 July 2016 in relation to the proposed acquisition by the Company of 99.96% interest in HomeOwnUSA Inc., the Company is pleased to provide an update that the acquisition had been completed on 22 December 2016.

(4) UPDATE ON BALLENGER RUN PROJECT

In the Company’s announcement dated 12 August 2016 in relation to the Group’s unaudited financial results for the six months ended 30 June 2016, it was stated that historic levels of high rainfall had caused significant delays in construction activity for the Ballenger Run project. Whilst the Group had put in place its plans to expedite construction with the objective of recognising revenue from Ballenger Run from 2H2016, inclement weather conditions have continued to slow down the construction process. In view of the foregoing, the Group expects revenue recognition from Ballenger Run to commence in the financial year ending 31 December 2017.

(5) CAUTION IN TRADING

As the proposed exercise is subject to certain conditions being fulfilled, Shareholders are advised to exercise caution in trading their shares in the Company and to read this announcement or any

further announcement by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD
SINGAPORE EDEVELOPMENT LIMITED

Chan Heng Fai
Executive Director and Chief Executive Officer
28 December 2016