

CIRCULAR DATED 31 AUGUST 2016

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IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of Singapore eDevelopment Limited (the “**Company**”) represented by physical share certificate(s), you should forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The ordinary shares of the Company are listed for quotation on the Catalist. Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Circular 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 SGX-ST. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The SGX-ST has not in any way considered the merits of the securities being offered for investment.

The contact person for the Sponsor is Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, telephone (65) 6415 9886.



SINGAPORE EDEVELOPMENT LIMITED

(Company Registration No. 200916763W)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED ISSUE OF AN AGGREGATE OF UP TO 983,330,850 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY, COMPRISING THE RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 163,888,475 RIGHTS SHARES (AS DEFINED HEREIN) AT AN ISSUE PRICE OF S\$0.04 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARES FOR EVERY THREE (3) EXISTING ORDINARY SHARES IN THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN) TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, AND THE ISSUE OF UP TO 819,442,375 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; AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE**

Independent Financial Adviser in relation to the Whitewash Resolution



PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Company Registration No: 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	12 September 2016 at 10 a.m.
Date and time of Extraordinary General Meeting	:	15 September 2016 at 10 a.m.
Place of Extraordinary General Meeting	:	Room 308, Level 3, Suntec Singapore Convention & Exhibition Centre 1 Raffles Boulevard, Suntec City Singapore 039593

CONTENTS

	PAGE
DEFINITIONS	3
LETTER TO SHAREHOLDERS	12
1. INTRODUCTION	12
2. THE RIGHTS CUM WARRANTS ISSUE	12
3. OFFER INFORMATION STATEMENT	32
4. THE WHITEWASH RESOLUTION IN RELATION TO THE RIGHTS CUM WARRANTS ISSUE	32
5. ABSTENTION FROM VOTING	39
6. POSSIBLE ADJUSTMENTS TO THE BONUS WARRANTS, PIGGYBACK WARRANTS AND SHARE OPTIONS	39
7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	40
8. DIRECTORS' RECOMMENDATIONS	41
9. EXTRAORDINARY GENERAL MEETING	41
10. ACTION TO BE TAKEN BY SHAREHOLDERS	41
11. MATERIAL LITIGATION	42
12. MATERIAL CONTRACTS	42
13. DIRECTORS' RESPONSIBILITY STATEMENT	43
14. CONSENT	43
15. DOCUMENTS FOR INSPECTION	44
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	45
APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION	61
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	88
PROXY FORM	

DEFINITIONS

The following definitions apply throughout this Circular unless otherwise stated:

Companies within the Group

- “Company” : Singapore eDevelopment Limited
- “Group” : The Company and its subsidiaries collectively
- “SCDPL” : Singapore Construction & Development Pte. Ltd (formerly known as CCM Property Pte. Ltd.)
- “Subsidiary” : A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act

Other Corporations and Agencies

- “ACRA” : Accounting and Corporate Regulatory Authority
- “Authority” : The Monetary Authority of Singapore
- “CDP” : The Central Depository (Pte) Limited
- “CIPL” : CCM Industrial Pte. Ltd.
- “HBD” : Hengfai Business Development Pte. Ltd., a Singapore-incorporated company in which Mr Chan Heng Fai is the sole beneficial shareholder and a director. Mr Chan Heng Fai is the Executive Director, Chief Executive Officer and a controlling shareholder of the Company.
- “IFA” : Provenance Capital Pte. Ltd., the independent financial adviser to the Recommending Directors
- “SGX-ST” : Singapore Exchange Securities Trading Limited
- “SGXNET” : Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
- “Share Registrar”, “Warrant Agent” or “Warrant Registrar” : Boardroom Corporate & Advisory Services Pte. Ltd.
- “SIC” : Securities Industry Council
- “Sponsor” : Hong Leong Finance Limited, the sponsor of the Company

General

- “ARE” : The application and acceptance form for Rights Shares with Warrants and excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue

DEFINITIONS

- “ARS”** : The application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on Catalist through the book-entry (scripless) settlement system
- “Associate”** : (a) In relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “ATM”** : Automated teller machine of a Participating Bank
- “Black Oak Project”** : A property development project of the Group located in Houston, Texas, USA
- “Ballenger Run Project”** : A property development project of the Group located in Frederick County, Maryland, USA
- “Board”** : The board of Directors of the Company for the time being, unless otherwise stated
- “Books Closure Date”** : The time and date, to be determined by the Directors, at and on which the Share Transfer Books and Register of Members of the Company will be closed to determine the provisional allotments of Rights of the Entitled Shareholders under the Rights cum Warrants Issue
- “Business Day”** : A day on which the banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders

DEFINITIONS

“Closing Date”	: The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of, the Rights Shares with Warrants under the Rights cum Warrants Issue
“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Concert Party Group”	: Mr Chan Heng Fai and HBD
“Constitution”	: The Constitution of the Company, as may be amended or modified from time to time
“Controlling Shareholder”	: A Shareholder who: (a) holds directly or indirectly 15% or more of the nominal amount of the Shares in the Company; or (b) in fact exercises control over the Company
“Deed Poll”	: The deed poll to be executed by the Company constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrantholders
“Directors”	: The directors of the Company for the time being
“EGM”	: The extraordinary general meeting of the Company, to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM
“Entitled Depositors”	: Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who had, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	: Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names and (iii) registered addresses are in Singapore as at the Books Closure Date or who have, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	: Entitled Depositors and Entitled Scripholders
“EPS / LPS”	: Earnings per Share or loss per Share as the case may be
“Excess Applications”	: Applications by Entitled Shareholders for Excess Rights Shares with Warrants
“Excess Rights Shares with Warrants”	: The additional Rights Shares with Warrants that Entitled Shareholders will be eligible to apply for in excess of their provisional allotments under the Rights cum Warrants Issue. Please refer to Section 2.2 of this Circular for more information

DEFINITIONS

- “Exchangeable Notes”** : The exchangeable notes issued by the Company’s wholly owned subsidiary, SCDPL, in 2014. For more information on the Exchangeable Notes, please refer to the circular to Shareholders dated 28 October 2013. As at the Latest Practicable Date, all of the Exchangeable Notes have been redeemed by the Company and there are no more Exchangeable Notes subsisting.
- “Exercise Period”** : The period during which the Warrants may be exercised, commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth (5th) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members of the Company is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to closure of the Register of Members of the Company or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warrantholders may be closed), subject to the terms and conditions of the Warrants to be set out in the Deed Poll
- “Exercise Price”** : The price payable in respect of each Exercised Share upon the exercise of a Warrant shall be S\$0.04, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
- “Exercised Share(s)”** : Up to 819,442,375 new ordinary shares of the Company to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
- “Existing Share Capital”** : The existing issued and paid-up share capital of the Company of 417,295,850 Shares as at the Latest Practicable Date
- “Foreign Purchasers”** : Persons purchasing the Rights through the book-entry (scripless) settlement system whose registered addresses with CDP are outside Singapore
- “Foreign Shareholders”** : Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to the Company, the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents
- “FY”** : Financial year ended or ending 31 December, as the case may be, unless otherwise stated
- “HY”** : Half financial year period ended or ending 30 June, as the case may be, unless otherwise stated
- “Independent Director”** : An independent director of the Company
- “Independent Shareholders”** : Shareholders who are deemed to be independent for the purposes of the Proposed Whitewash Resolution

DEFINITIONS

- “Information Technology Business”**: The business of software and hardware development and technology services offering to end-users and businesses (including telecommunication services providers) in such areas including (but not limited to) mobile internet and cloud computing technology
- “Investment Business”** : The business of investments in securities of companies with growth potential which may include equity, convertible securities and instruments such as bonds or funds. Details on the scope of the Investment Business can be found in a circular to Shareholders dated 16 November 2015
- “Issue Price”** : The issue price of the Rights Shares, being S\$0.04 for each Rights Share
- “Latest Practicable Date”** : The latest practicable date prior to the printing of this Circular, being 22 August 2016
- “Mandurah Project”** : A property development project of the Group comprising residential sites in Mandurah City, Western Australia, where the Group plans to develop apartment units for sale
- “Market Day”** : A day on which the SGX-ST is open for trading in securities
- “Maximum Issue Size”** : The maximum issue size of the Rights cum Warrants Issue based on the Existing Share Capital and assuming that:
- (i) all 7,115,833 piggyback warrants and 33,626,871 bonus warrants (issued pursuant to the warrants issue announced by the Company on 6 August 2013) outstanding as at the Latest Practicable Date are exercised and 33,626,871 piggyback warrants which are issued pursuant to the exercise of the aforesaid 33,626,871 bonus warrants are exercised prior to the Books Closure Date;
 - (ii) Mr Chan Heng Fai (the Executive Director, Chief Executive Officer and a controlling shareholder of the Company) and Hengfai Business Development Pte. Ltd. (a Singapore-incorporated company in which Mr Chan Heng Fai is the sole shareholder and a director) do not exercise any of their interest in 2,217,391 piggyback warrants and 25,904,781 bonus warrants; and
 - (iii) all the outstanding share options issued by the Company have not been exercised, under the terms of their issue, into Shares.
- “Maximum Scenario”** : The scenario for the subscription of the Rights cum Warrants Issue assuming there is a full subscription by all Shareholders for all the Rights Shares with Warrants including the subscription by Mr Chan Heng Fai and HBD of their Rights Shares with Warrants entitlement (subject to the Whitewash Waiver).

DEFINITIONS

- “May 2016 Placement”** : The subscription of 117,000,000 Shares by HBD pursuant to the placement exercise for which shareholder approval had been obtained on 29 April 2016 and which was completed on 12 May 2016
- “Minimum Scenario”** : The scenario for the subscription of the Rights cum Warrants Issue assuming none of the other Shareholders (save for Mr Chan Heng Fai and HBD) subscribe for their entitlements to the Rights Shares with Warrants and/or apply for excess Rights Shares with Warrants; and Mr Chan Heng Fai and HBD subscribe for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants under the Proposed Rights cum Warrants Issue.
- “Net Proceeds”** : Net proceeds from the Rights cum Warrants Issue
- “Notice of EGM”** : The notice of EGM which is attached to this Circular
- “Offer Information Statement”** : The offer information statement referred to in Section 277 of the SFA and, together with the PAL, the ARE, the ARS and all accompanying documents including any supplementary or replacement document, to be issued by the Company in connection with the Rights cum Warrants Issue
- “PAL”** : The provisional allotment letter to be issued to Entitled Scripholders, setting out the provisional allotment of Rights Shares with Warrants under the Rights cum Warrants Issue
- “Participating Banks”** : The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors and persons purchasing the “nil-paid” rights through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and applications for excess Rights Shares with Warrants, as the case may be, to be made under the Rights cum Warrants Issue, and each of them a **“Participating Bank”**
- “Property Development Business”** : The business of property development in Singapore, the Asian region, the USA, Australia and Spain
- “Proposed Resolutions”** : The ordinary resolutions as set out in the Notice of EGM for which the Directors are seeking Shareholders’ approval
- “Proposed Whitewash Resolution”** or **“Whitewash Resolution”** : The proposed resolution which requires approval by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a general offer for the Company from the Concert Party Group pursuant to Rule 14 of the Code and the Whitewash Waiver relating to the Rights cum Warrants Issue, further details of which are found in Section 4.4 of this Circular
- “Proxy Form”** : The proxy form in respect of the EGM enclosed in this Circular
- “Purchaser”** : A purchaser of the Rights
- “Recommending Directors”** : Directors who are regarded as independent in respect of the Whitewash Resolution, namely, Mr Basil Chan, Mr Chan Yu Meng and Mr Tao Yeoh Chi.

DEFINITIONS

- “Record Date”** : In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
- “Register of Members”** : Register of members of the Company
- “Rights”** : The “nil-paid” rights (evidenced by the provisional allotments of Rights Shares with Warrants)
- “Rights Announcement”** : The announcement made by the Company on 27 June 2016 relating to the Rights cum Warrants Issue
- “Rights cum Warrants Issue”** : The renounceable non-underwritten rights issue by the Company of up to 163,888,475 Rights Shares at an issue price of S\$0.04, on the basis of one (1) Rights Share for every three (3) Shares held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, and the issue of up to 819,442,375 free detachable Warrants each carrying the right to subscribe for one (1) Exercised Share at the Exercise Price on the basis of five (5) Warrants for every one (1) Rights Share subscribed for
- “Rights Shares”** : Up to 163,888,475 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
- “Rights Trading Period”** : The trading period of the Rights on a “nil-paid” basis
- “Securities Account”** : Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
- “SFA”** : The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
- “Share Transfer Books”** : The share transfer books of the Company
- “Shareholders”** : Registered holders of Shares in the register of Members of the Company or, where CDP is the registered holder, the term **“Shareholders”** shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with those Shares
- “Shareholders’ Approval”** : The approval of the Shareholders for any or all the Proposed Resolutions, as the case may be
- “Shares”** : Ordinary shares in the capital of the Company
- “SIC Conditions”** : Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Section 4.4 of this Circular
- “Substantial Shareholder”** : A person who has an interest in the voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5.0% of all the voting Shares

DEFINITIONS

- “**Take-over Code**” or “**Code**” : The Singapore Code on Take-overs and Mergers, as may be amended and revised from time to time
- “**Undertaking Shareholders**” : Mr Chan Heng Fai and HBD
- “**Undertakings**” : The irrevocable undertakings dated 19 August 2016 given by the respective Undertaking Shareholders to the Company as disclosed in Section 2.11 of this Circular
- “**USA**” : United States of America
- “**Warrantholders**” : Registered holders of the Warrants, except where the registered holder is CDP, the term “Warrantholders” shall, in relation to such Warrants and where the context admits, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
- “**Warrant(s)**” : Up to 819,442,375 free detachable warrants in registered form, to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue, and where the context so admits, such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* with the warrants to be issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), subject to the terms and conditions to be set out in the Deed Poll, each warrant entitling the holder thereof to subscribe for one (1) Exercised Share at the Exercise Price
- “**Whitewash Waiver**” or “**SIC Waiver**” : The waiver granted by the SIC of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code in the event that the combined shareholdings of the Concert Party Group or the shareholding of any member of the Concert Party Group increases by more than 1% as a result of the Concert Party Group subscribing for or acquiring Rights Shares with Warrants pursuant to the Rights cum Warrants Issue. The waiver is subject to the satisfaction of the SIC Conditions, further details of which are set out in Section 4.4 of this Circular

Currencies, Units and Others

- “**S\$**” and “**cents**” : Singapore dollars and cents, respectively, being the lawful currency of Singapore
- “**%**” or “**per cent.**” : Per centum or percentage

The term “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. A “**person**” shall, where applicable, include corporations.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to the time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, or the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the Catalist Rules and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SINGAPORE EDEVELOPMENT LIMITED

(Company Registration Number: 200916763W)
(Incorporated in Singapore)

Directors:

Basil Chan (Independent and Non-Executive Chairman)
Chan Heng Fai (Executive Director and Chief Executive Officer)
Chan Tung Moe (Executive Director)
Tao Yeoh Chi (Independent Director)
Chan Yu Meng (Independent Director)

Registered Office:

10 Winstedt Road,
Block A #02-02
Singapore 227977

31 August 2016

To: The Shareholders of Singapore eDevelopment Limited

Dear Sir/Madam,

1. INTRODUCTION**1.1. EGM**

The Directors are convening an EGM to be held on 15 September 2016 to seek Shareholders' approval in relation to:

- (1) the proposed Rights cum Warrants Issue ("**Ordinary Resolution 1**"); and
 - (2) the Proposed Whitewash Resolution ("**Ordinary Resolution 2**"),
- (collectively, the "**Proposed Resolutions**").

1.2. Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Resolutions to be tabled at the EGM. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

Inter-conditionality of Ordinary Resolution 1 and Ordinary Resolution 2

Shareholders should note that the passing of Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, the Company will not proceed with the Rights cum Warrants Issue. In order for the Company to proceed with the Rights cum Warrants Issue, both Ordinary Resolutions 1 and 2 need to be approved by Shareholders at the EGM.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

2. THE RIGHTS CUM WARRANTS ISSUE**2.1. Introduction**

On 27 June 2016, the Company announced the proposed Rights cum Warrants Issue. In the Rights Announcement, it was stated that the Rights cum Warrants Issue is subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM to be convened.

The Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis.

LETTER TO SHAREHOLDERS

2.2. Overview of the Rights cum Warrants Issue

The Company is offering to Entitled Shareholders up to 163,888,475 Rights Shares at the Issue Price of S\$0.04 per Rights Share and up to 819,442,375 free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) Exercised Share at the Exercise Price of S\$0.04 per Exercised Share, on the basis of one (1) Rights Share for every three (3) existing Shares held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, and five (5) Warrants for every one (1) Rights Share subscribed.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue (the **“Excess Rights Shares with Warrants”**).

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with Warrants to allot to each application, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority. The Company will also not make any allotment and issue of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares with Warrants are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares with Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares with Warrants.

The Rights cum Warrants Issue is renounceable and Entitled Shareholders who do not wish to subscribe for the Rights Shares with Warrants may sell their Rights during the Rights trading period.

After taking into consideration the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis. The Company has received the Undertakings from the Undertaking Shareholders that they will, amongst others, irrevocably apply, subscribe and pay in full for, and/or procure the application, subscription and payment in full for, their aggregate entitlements to 67,333,333 Rights Shares with Warrants and up to 71,765,284 Excess Rights Shares with Warrants (subject to availability). The details of the Undertakings are set out in Section 2.11 of this Circular.

LETTER TO SHAREHOLDERS

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its *pro-rata* Rights Shares with Warrants entitlement and/or apply for Excess Rights Shares with Warrants) to avoid placing the relevant Substantial Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

2.3. Size of the Rights cum Warrants Issue

As at the Latest Practicable Date, the existing share capital of the Company comprises 417,295,850 Shares. The Company may issue up to 983,330,850 new Shares under the Rights cum Warrants Issue comprising (a) 163,888,475 Rights Shares and (b) 819,442,375 new Shares arising from the exercise of 819,442,375 Warrants. The aforementioned scenario (being the Maximum Issue Size under the Rights cum Warrants Issue) is based on the following assumptions:

- (i) all of the 7,115,833 piggyback warrants and 33,626,871 bonus warrants (issued pursuant to the warrants issue announced by the Company on 6 August 2013) outstanding as at the Latest Practicable Date and all the 33,626,871 piggyback warrants to be issued pursuant to the exercise of the aforesaid 33,626,871 bonus warrants are exercised prior to the Books Closure Date;
- (ii) Mr Chan Heng Fai and HBD do not exercise any of their interest in 2,217,391 piggyback warrants and 25,904,781 bonus warrants which are held by them; and
- (iii) all the outstanding share options issued by the Company have not been exercised, under the terms of their issue, into Shares.

2.4. Principal Terms of the Rights Shares

- Number of Rights Shares** : Up to 163,888,475 Rights Shares (with up to 819,442,375 free detachable Warrants).
- Basis of Provisional Allotment** : The Rights cum Warrants Issue is made on a renounceable basis to Entitled Shareholders on the basis of one (1) Rights Share for every three (3) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
- Issue Price** : S\$0.04 for each Rights Share, payable in full upon acceptance and/or application.
- Eligibility to Participate** : Please refer to Section 2.7 entitled "Eligibility of Shareholders to Participate in the Rights cum Warrants Issue" of this Circular.
- Status of the Rights Shares** : The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
- Listing of the Rights Shares** : The Company has made an application through its Sponsor to the SGX-ST for the listing of and quotation of the Rights Shares. An appropriate announcement will be made by the Company upon the receipt of the listing and quotation notice including the conditions that may be required to be fulfilled.

LETTER TO SHAREHOLDERS

Trading of the Rights Shares : Upon the listing and quotation of the Rights Shares on the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot of Shares will comprise 100 Shares.

Non-underwritten : The Rights cum Warrants Issue is not underwritten. However, the Undertaking Shareholders have given the Undertakings that they will, *inter alia*, irrevocably apply, subscribe and pay in full for, and/or procure the application, subscription and payment in full for, 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants (subject to availability) under the Proposed Rights cum Warrants Issue. The details of the Undertakings are set out in Section 2.11 of this Circular. In view of the Undertakings and taking into consideration the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis. The Rights cum Warrants Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.

Acceptance and Excess Application : Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of Rights Shares on Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy Excess Applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and that Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

Scaling Down : Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its *pro-rata* Rights

LETTER TO SHAREHOLDERS

Shares with Warrants entitlement) to avoid placing the relevant Substantial Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares with Warrants entitlement fully.

Governing Law : Laws of the Republic of Singapore.

2.5. Principal Terms of the Warrants

Number of Warrants : Up to 819,442,375 Warrants to be issued free together with the Rights Shares

Basis of allotment : Five (5) free detachable Warrants with every one (1) Rights Share subscribed for, fractional entitlements to be disregarded.

Detachability and NO trading of Warrants : The Warrants will be detached from the Rights Shares on issue. The Warrants will **NOT** be listed and traded on the SGX-ST.

No listing of the Warrants; Listing of the Exercised Shares : The Company has made making an application through its Sponsor to the SGX-ST for the listing of and quotation of the Exercised Shares. An appropriate announcement will be made by the Company upon the receipt of the listing and quotation notice including the conditions that may be required to be fulfilled. As the Warrants will not be listed and traded on the SGX-ST, the Company will not be making an application for the listing and quotation of the Warrants.

Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants as set out in the Deed Poll, each Warrant shall entitle the Warranholder, at any time during the Exercise Period, to subscribe for one (1) new Share at the Exercise Price in force on the relevant date of exercise of the Warrants.

Exercise Price : S\$0.04 for each Exercised Share on the exercise of a Warrant.

Exercise Period : The Warrants may be exercised at any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the date immediately preceding the fifth (5th) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warranholders of the Company is closed or is not a Market Day, in which event the Exercise Period shall end on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warranholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

LETTER TO SHAREHOLDERS

The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to the Warranholders in accordance with the conditions set out in the Deed Poll and an announcement will be made. In particular, the Company shall take reasonable steps to notify the Warranholders in writing of the expiry of the Exercise Period and such notice shall be delivered by post to the addresses of the Warranholders as recorded in the register to be maintained by the Warrant Agent or in the case of Warranholders whose Warrants are registered in the name of the Central Depository (Pte) Limited, their addresses as shown in the records of the same.

Mode of payment for exercise of Warrants : Warranholders who exercise their Warrants must pay the Exercise Price by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the Exercise Price payable in respect of the Warrants exercised.

Adjustments : The Exercise Price and the number of Warrants to be held by each Warranholder will be subject to adjustments under certain circumstances provided for in the terms and conditions of the Warrants as set out in the Deed Poll.

Such circumstances include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues, bonus issues and certain capital distributions.

Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.

Status of Exercised Shares : The Exercised Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the Record Date for which falls before the date of exercise of the Warrants.

Modifications of Rights of Warranholders : The Company may, without the consent of the Warranholders but in accordance with the terms and conditions of the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants, which, in the opinion of the Company, (i) is not materially prejudicial to the interests of the Warranholders or is of a formal, technical or minor nature; (ii) is to correct a manifest error or to comply with mandatory provisions of Singapore law; or (iii) is to vary or replace provisions relating to the transfer or exercise of the Warrants, including the issue of Exercised Shares arising

LETTER TO SHAREHOLDERS

from the exercise thereof or meetings of Warrantheolders in order to facilitate the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.

Any such modification shall be binding on all Warrantheolders and all persons having an interest in the Warrants and shall be notified to them in accordance with the terms and conditions of the Warrants as set out in the Deed Poll, as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration in the terms and conditions of the Warrants to the advantage of the Warrantheolders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

For the avoidance of doubt, the Company may not extend the Exercise Period of an existing Warrant or issue a new Warrant to replace an existing Warrant.

Transfer and transmission

: The Warrants shall be transferable in lots entitling Warrantheolders to subscribe for whole numbers of Exercised Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants set out in the Deed Poll including, *inter alia*, the following:

- (a) Lodgement of Certificates and Transfer Forms – a Warrantheolder whose Warrants are registered in his own name (the “**Transferor**”) shall lodge, during normal business hours on any Business Day so as to be received at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with an instrument of transfer (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll;
- (b) Deceased Warrantheolder – the executors and administrators of a deceased Warrantheolder whose Warrants are registered in his/her name (not being one of several joint holders whose Warrants are registered in their joint names), and, in the case of one or more of several such joint Warrantheolders, the survivor or survivors of such joint holder shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warrantheolder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of the fees and expenses set

LETTER TO SHAREHOLDERS

out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased holder could have made;

- (c) Effective Date of Transfer – A Transferor shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register of Warranholders by the Warrant Agent.

Winding-up

- : Where there is a member's voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warranholders, or some person designated by them, shall have approved by way of a special resolution passed at a meeting of the Warranholders duly convened and held in accordance with the provisions contained in the Deed Poll by a majority consisting of not less than three-fourths of the votes cast thereon, the terms of such scheme of arrangement shall be binding on all the Warranholders and all persons having an interest in the Warrants.

If notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warranholder shall be entitled, no later than two (2) business days, being days (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks in Singapore, the SGX-ST, the CDP and the Warrant Agent are open for business, prior to the proposed general meeting, by irrevocable surrender of his Warrant certificate(s) to the Company with the notice for the exercise of the Warrants duly completed, together with all relevant payments payable, to elect to be treated as if he had exercised the Warrants to the extent of the number of Warrants exercised and had on such date been the holder of the Exercised Shares. The Exercised Shares will be allotted to such Warranholder as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which are not exercised shall lapse and cease to be valid for any purpose.

Further issues

- : Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit but the Warranholders shall not have any participation rights in such further issues of Shares or subscription rights unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.

Warrant Agent

- : Boardroom Corporate & Advisory Services Pte. Ltd.

Governing Law

- : Laws of the Republic of Singapore

LETTER TO SHAREHOLDERS

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights cum Warrants Issue at the EGM.

For the avoidance of doubt, Shareholder should note that the Warrants will NOT be listed and traded on the SGX-ST. However, Exercised Shares (in the event such Warrants are exercised) will be listed and traded on the SGX-ST.

The Warrants will not be listed and traded on the SGX-ST as the Company is of the opinion that having the Warrants listed and tradeable on the SGX-ST in addition to the outstanding piggyback warrants and bonus warrants may have a material impact on the trading liquidity of the Shares.

2.6. Conditions for the Rights cum Warrants Issue

Shareholders should note that the Rights cum Warrants Issue is subject to, *inter alia*, the following conditions:

- (a) Shareholders' approval for the Proposed Rights cum Warrants Issue and Whitewash Resolution being obtained at the EGM;
- (b) the receipt of the listing and quotation notice from the SGX-ST approving the dealing in, listing of and quotation of the Rights Shares and the Exercised Shares on the Catalist of SGX-ST and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (c) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST acting as agent on behalf of the Authority.

The Offer Information Statement will be lodged with the SGX-ST and despatched to Entitled Shareholders in due course after, amongst others, obtaining the listing and quotation notice from the SGX-ST approving the dealing in, listing of and quotation of the Rights Shares and the Exercised Shares on the SGX Catalist.

In the event that any of the above conditions are not satisfied, the Rights cum Warrants Issue will not be given effect.

2.7. Eligibility of Shareholders to participate in the Rights cum Warrants Issue

Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and other accompanying documents at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or trade on Catalist during the provisional allotment trading period prescribed by the SGX-ST, in full or in part their provisional allotments of Rights Shares with Warrants and are eligible to apply for additional

LETTER TO SHAREHOLDERS

Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. For avoidance of doubt, only Entitled Shareholders (and not the purchasers of the renounees) shall be entitled to apply for additional Rights Shares with Warrants in excess of their provisional allotments.

All dealings in, and transactions of, the provisional allotments of Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that they must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they must provide CDP, at 9 North Buona Vista Drive, #1-19/20 The Metropolis, Singapore 138588, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

Entitled Scripholders

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses with the Company. Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5.00 p.m. on the date being three (3) Market Days before the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. No provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renounee of

LETTER TO SHAREHOLDERS

an Entitled ScripHolder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares with Warrants renounced to him. The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants and/or any application for excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptance or application may violate the applicable legislation of any jurisdiction.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Exercised Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Warrants and/or applications for excess Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may by 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provide to CDP or the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, as the case may be, addresses in Singapore for the service of notices and documents.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares with Warrants commence and the net proceeds therefrom will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company for the Rights cum Warrants Issue.

If such provisional allotments of Rights Shares with Warrants cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be used to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/ or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/ or sale of the provisional allotments of the Rights Shares with Warrants and for Excess Application for the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

LETTER TO SHAREHOLDERS

2.8. Rationale of the Rights cum Warrants Issue and Use of Proceeds

Previous fund raising exercises undertaken by the Company

(i) Rights Issue of bonus warrants and piggyback warrants

In January 2014, the Company completed a rights issue of bonus warrants and piggyback warrants. The bonus warrants were issued free carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.01 for each new Share. The piggyback warrants were issued free on the basis of one (1) piggyback warrant issued for every one (1) bonus warrant validly exercised, and carried the right to subscribe for one (1) new Share at an exercise price of S\$0.011 for each new Share.

Pursuant to the aforesaid rights issue of bonus warrants and piggyback warrants, net proceeds of S\$11.04 million had been raised (the “**2014 Warrants Proceeds**”). As at the Latest Practicable Date and taking into consideration the reallocation of the use of proceeds by the Company as announced on 12 February 2014 and 4 April 2014, the 2014 Warrants Proceeds had been fully utilised in the following manner:

- (a) approximately S\$0.40 million of the 2014 Warrants Proceeds have been utilised for general working capital of SCDPL;
- (b) approximately S\$5.45 million of the 2014 Warrants Proceeds have been utilised for the purchase of the 136-acre parcel of land in Houston, Texas, the United States of America; and
- (c) approximately S\$5.19 million of the 2014 Warrants Proceeds have been utilised for the fulfilling of the Company’s obligations under an indemnity provided in connection with a building contract for a commercial building at 70 Shenton Way which was terminated, and for general working capital of the Company.

(ii) Issue of Exchangeable Notes

On 24 February 2014, the Group completed the issue of the Exchangeable Notes of which net proceeds of S\$4.84 million (the “**Notes Proceeds**”) were raised.

As at the Latest Practicable Date and taking into consideration of the reallocation of the use of proceeds as announced by the Company on 15 July 2014, the Notes Proceeds had been fully utilised in the following manner:

- (a) approximately S\$1.027 million of the Notes Proceeds have been utilised for participation in the Property Development Business and other investments and/or strategic alliance plans of SCDPL, property related quoted securities and unquoted instruments such as funds and bonds and general working capital purposes of SCDPL; and
- (b) approximately S\$3.813 million of the Notes Proceeds have been utilised for working capital of the Company to meet the Group’s immediate obligations under its construction activities to ensure adequacy of general working capital of the Company.

As at the Latest Practicable Date, all of the Exchangeable Notes have been redeemed by the Company and there are no more Exchangeable Notes subsisting.

(iii) Rights Issue of Shares in 2014

The Company undertook a rights issue exercise in 2014 (the “**2014 Rights Issue**”). The 2014 Rights Issue was completed in September 2014 and the Company raised approximately S\$40.64 million (“**2014 Rights Issue Proceeds**”).

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date and taking into consideration the reallocation of the use of proceeds as announced by the Company on 30 December 2014, 27 February 2015, 28 May 2015, 21 July 2015, and 20 October 2015, the 2014 Rights Issue Proceeds have been fully utilised in the following manner:

- (a) an aggregate amount of S\$10.642 million was used to discharge existing obligations under the Company's construction business and redemption of liabilities to fulfil the Company's obligations under outstanding legacy corporate indemnities;
- (b) an aggregate amount of S\$7.628 million was used to explore and develop new property development projects, namely Ballenger Run (S\$2.0 million) and tenanted single-family homes (S\$5.6 million);
- (c) an aggregate amount of S\$10.161 million was used in the temporary financing of the Company's existing property development projects, namely the Black Oak and Mandurah Project;
- (d) an aggregate amount of S\$4.863 million was used in investment and development projects in Information technology Business, principally in HotApp, a mobile application;
- (e) an aggregate amount of S\$0.649 million was used for the Investment Business; and
- (f) an aggregate amount of S\$6.699 million, was used for the Group's general working capital.

(iv) Issue of Private Bond in May 2015

The Company issued a profit-participating private bond (the "**Private Bond**") in May 2015 maturing in 2017 to Ms Camielle Fan as the bond subscriber. Proceeds of US\$2 million were raised from the issue of the Private Bond and were intended for the purposes of the Group's property development projects in the United States of America.

On 21 March 2016, the Company redeemed US\$1 million from the principal amount of the Private Bond. As at the Latest Practicable Date, US\$0.68 million out of the remaining proceeds from the Private Bond have been utilised by the Company for the purposes of the Group's property development projects in the United States of America.

(v) Placement of Shares in July 2015

The Company raised net proceeds of S\$1,162,000 ("**2015 Placement Proceeds**") from a placement of 15,000,000 shares in July 2015 for its general working capital.

As at the Latest Practicable Date, the 2015 Placement Proceeds have been fully utilised for the Company's general working capital.

(vi) Placement of Shares in May 2016

The Company raised net proceeds of S\$6,920,000 ("**2016 Placement Proceeds**") from a placement of 117,000,000 Shares to HBD in May 2016 for the redemption of the Exchangeable Notes, related accrued interest and redemption premium and for general working capital.

As at the Latest Practicable Date, the 2016 Placement Proceeds had been fully utilised in the following manner:

- (a) an aggregate amount of S\$6.315 million of the 2016 Placement Proceeds have been utilised for redemption of Exchangeable Notes, related accrued interest and redemption premium; and

LETTER TO SHAREHOLDERS

- (b) an aggregate amount of S\$0.605 million of the 2016 Placement Proceeds have been utilised for the Company's general working capital.

Rationale of the Rights cum Warrants Issue

Save for proceeds from the Private Bond, proceeds raised by the Company in previous fund raising exercises have been fully utilised. In addition, the Company wishes to highlight that although there are a material number of piggyback warrants and bonus warrants outstanding as at the Latest Practicable Date, their exercises prices of S\$0.30 and S\$0.20 (after adjusting for the Company's share consolidation exercise in November 2014) for each piggyback warrant and bonus warrant respectively are substantially higher than the current traded price of the Company's shares. It is therefore highly unlikely that the Company will be able to raise further funds from the exercise of these outstanding piggyback warrants and bonus warrants.

The Company therefore intends to undertake the Proposed Rights cum Warrants Issue to fund the Group's property development projects including the Black Oak Project, the Mandurah Project, the Ballenger Run Project and other property related businesses as well as to fund the Group's other businesses and for general working capital.

Use of Proceeds from the Rights cum Warrants Issue

Assuming the Maximum Scenario, the Company will issue 163,888,475 Rights Shares and 819,442,375 Warrants. The Rights cum Warrants Issue will raise approximately S\$6.56 million if none of the Warrants are exercised or approximately S\$39.33 million if all of the Warrants are exercised. The Net Proceeds, after deducting estimated expenses of approximately S\$150,000, will amount to approximately S\$6.41 million if none of the Warrants are exercised or approximately S\$39.18 million if all of the Warrants are fully exercised.

Assuming the Minimum Scenario, the Company will issue 139,098,617 Rights Shares and 695,493,085 Warrants. The Rights cum Warrants Issue will raise approximately S\$5.56 million if none of the Warrants are exercised or approximately S\$33.38 million if all of the Warrants are exercised. The Net Proceeds, after deducting estimated expenses of approximately S\$150,000, will amount to approximately S\$5.41 million if none of the Warrants are exercised or approximately S\$33.23 million if all of the Warrants are exercised.

The Net Proceeds from the Rights cum Warrants Issue will be used towards the Group's Property Development Business, Information Technology Business, Investment Business and general working capital in the following manner and proportion:

Use of Proceeds	Percentage of Net Proceeds (%)	
	Maximum Scenario	Minimum Scenario
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	75 to 80	25 to 30
Funding of the Group's Information Technology Business including HotApp	0 to 5	20 to 25
Funding the Group's Investment Business	1 to 5	1 to 5
General working capital	15 to 20	45 to 50
Total	100	100

LETTER TO SHAREHOLDERS

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem appropriate in the interests of the Group.

The Directors are of the opinion that, after taking into consideration present bank facilities and other internal and external resources, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the purpose of the Proposed Rights cum Warrants Issue is to raise funds to support the future growth of the Group, as described above.

The Directors are of the opinion that, after taking into consideration present bank facilities, the net proceeds from the Proposed Rights cum Warrants Issue (assuming the Minimum Scenario) and other internal and external resources, the working capital available to the Group is sufficient to meet its present requirements.

In deciding to undertake this Rights cum Warrants Issue, the Board had taken into consideration the nature of the Group's current and proposed businesses, the funding requirements, the fund raising exercises over the past two (2) years prior to the date of the Rights Announcement, the use of proceeds from those fund raising exercises, the shareholders' loan from Mr Chan Heng Fai (please refer to Section 2.9 of this Circular for further details), the advance payment of subscription monies by Mr Chan Heng Fai and HBD relating to their subscription of Rights Shares with Warrants (please refer to Section 2.10 of this Circular for further details) and the balance proceeds remaining.

The Company will make periodic announcements and subsequently provide a status report in the Company's half and full year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report on the utilisation of the proceeds of the Rights cum Warrants Issue, as and when the proceeds from the Rights cum Warrants Issue are materially disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements and in the status reports.

2.9. Shareholder Loan

On 24 August 2015, the Company announced that the Company entered into a loan agreement dated 21 August 2015 with its wholly-owned subsidiary, SeD Home, Inc. ("**SeD Home**") and HBD (the "**Loan Agreement**"). Pursuant to the Loan Agreement, HBD agreed to grant an interest-free loan facility of up to US\$15,000,000 to SeD Home. As at the Latest Practicable Date, a loan of US\$10.5 million has been disbursed and is repayable in full before 31 December 2016.

Pursuant to the terms of the Loan Agreement, 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 outstanding amounts disbursed under the loan facility (the "**Loan**") by any combination of the following methods, provided always that all regulatory requirements including but not limited to the Catalist Rules and the Take-Over Code, and with the requirement of the approval of the Shareholders (if necessary) are complied with:

- (i) Cash repayment in immediately available funds; and/or
- (ii) Set off against any consideration payable by HBD and/or its nominees:
 - a. 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
 - b. to the Company for the transfer of existing SeD Home Shares at the consideration based on the net asset value of SeD Home.

LETTER TO SHAREHOLDERS

2.10. Advance payment of subscription monies and exercise monies

Assuming Minimum Scenario, the amount that the Undertaking Shareholders ought to pay to the Company pursuant to the Undertakings is S\$5,563,945.

As disclosed in the Rights Announcement, the Undertaking Shareholders had made an advance payment on 30 June 2016 of S\$2,500,000 in respect of the amounts payable by them to the Company under the Rights cum Warrants Issue pursuant to the Undertakings.

Subsequent to the Latest Practicable Date, the Company had received a further S\$3,063,945 from the Undertaking Shareholders, as prepayment in respect of the balance amounts payable by the Undertaking Shareholders (after deducting the advance above) pursuant to the Undertakings.

As at the date of this Circular, the total amount paid by the Undertaking Shareholders in respect of their Undertakings is S\$5,563,945 (the “**Prepayment Amount**”)

In the event that the Rights cum Warrants Issue is not forthcoming for whatever reason, the Company and the Undertaking Shareholders will further negotiate on the method of repayment of the Prepayment Amount, which may include but shall not be limited to repaying the Undertaking Shareholders in cash and/or to capitalise the Prepayment Amount and issue new Shares to the Undertaking Shareholders (where such number of new Shares shall be determined based on the equivalent value, or to such extent possible the same terms, of any offering of securities pursuant to Chapter 8 of the Catalist Rules as may be undertaken by the Company at or around that point in time, and subject to the Undertaking Shareholders' consent). In the event that new Shares are to be issued pursuant to the capitalisation of the Prepayment Amount, approval from the SIC and/or Shareholders may be sought, if required.

In the event that the Prepayment Amount exceeds the subscription amount for the Rights Shares and Excess Rights Shares allotted to the Undertaking Shareholders, the Company shall refund such excess amount to the Undertaking Shareholders in full in cash without interest.

2.11. Undertakings

The Rights cum Warrants Issue will be supported by certain Substantial Shareholders of the Company, namely Mr Chan Heng Fai, who is an Executive Director and Chief Executive Officer of the Company, and HBD (i.e. collectively the Undertaking Shareholders). As at the Latest Practicable Date, HBD holds 155,250,000 Shares directly. As at the Latest Practicable Date, Mr Chan Heng Fai holds 46,750,000 Shares directly. Mr Chan Heng Fai is also a company director of HBD and holds 100% of the issued and paid-up share capital of HBD. Therefore, Mr Chan Heng Fai is deemed interested in the 155,250,000 Shares that HBD holds.

To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to and confidence in the prospects of the Group, the Undertaking Shareholders have given the Undertakings, pursuant to which they each have irrevocably undertaken to the Company that, *inter alia*:

- (a) They will apply and subscribe for and/or procure applications and subscriptions for their respective pro-rata entitlements and pay for and/or procure the payment for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants (subject to availability) under the Rights cum Warrants Issue;
- (b) They shall not, without the prior written consent of the Company, sell, transfer or otherwise dispose of all or any of their legal or beneficial interest in the Shares they currently legally and beneficially own prior to the Books Closure Date;
- (c) They shall procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents as may be necessary and/or pursuant to any requirements of the SGX-ST, the Authority, the ACRA, the SIC and/or any other regulatory authorities in Singapore, (in each case) in relation to the Rights cum Warrants Issue and all the matters set out in paragraphs (a) and (b) above; and

LETTER TO SHAREHOLDERS

- (d) They shall indemnify and hold harmless the Company from and against any and all losses, liabilities, damages, costs, charges, expenses (including legal fees on a full indemnity basis) and taxes, claims, actions, demands or judgment which are suffered or incurred by or which are instituted, made or alleged against the Company by reason of or in connection with any breach or default of their obligations set out in paragraphs (a) to (c) above (excluding any breach or default of their obligations in paragraph (c) above which has been rectified within three (3) business days from the date of written notification of such breach or default to them), and shall pay to the Company on demand an amount equal to all costs, charges and expenses (including legal fees on a full indemnity basis) which the Company may pay or incur in connection with investigating, disputing or defending any such claims or losses (whether actual, pending or threatened and whether or not the Company is or may be a party to any such claims).

The Undertakings are conditional upon the following:

- (a) the SIC Waiver granted by the SIC not having been withdrawn or revoked as at the date of the completion of the Rights cum Warrants Issue;
- (b) Shareholders' approval for the Rights cum Warrants Issue, including the allotment and issue of the Rights Shares, being obtained at the EGM;
- (c) the Whitewash Resolution being approved by Independent Shareholders at the EGM;
- (d) the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares and the Exercised Shares on the Catalist of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants under the Rights cum Warrants Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (e) the lodgment of the Offer Information Statement in connection with the Rights cum Warrants Issue together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the SGX-ST acting as agent on behalf of the Authority,

(collectively the "**Undertaking Conditions**").

The Undertakings shall terminate (i) if the Company decides not to proceed with the Rights cum Warrants Issue and upon the release of an announcement by the Company through SGXNET of such decision and (ii) upon the non-fulfilment of any of the Undertaking Conditions on the date of such non-fulfilment.

2.12. Books Closure Date

Subject to the Shareholders' approval of the Rights cum Warrants Issue at the EGM and the receipt of the listing and quotation notice from SGX, the Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights cum Warrants Issue will be announced at a later date.

2.13. Financial Information of the Group

The financial statements of the Group (the consolidated statements of income, financial position and cash flow) and the working capital position for FY2013, FY2014, FY2015 and HY2016 as well as the review thereof, are set out under Appendix I – "Financial Information of the Group" of this Circular.

LETTER TO SHAREHOLDERS

2.14. Financial Effects of the Rights cum Warrants Issue

The financial effects of the Rights cum Warrants Issue assuming the Maximum Issue Size presented herein:

- (a) are for illustrative purposes only and are not a projection of the actual future financial performance or financial position of the Group immediately after the completion of the Rights cum Warrants Issue;
- (b) are based on the audited consolidated financial statements of the Group for FY2015;
- (c) assume that the subscription of 117,000,000 Shares by HBD pursuant to the placement exercise for which shareholder approval had been obtained on 29 April 2016 and which was completed on 12 May 2016 (i.e. the May 2016 Placement) was completed on 1 January 2015;
- (d) assume that there is no return earned from the Net Proceeds;
- (e) assume that the new shares issued after 31 December 2015 up to Last Practicable Date arising from the exercise of the bonus warrants and piggyback warrants (if any) were issued on 31 December 2015 for computing the financial effects on Net Tangible Assets (“NTA”) and gearing and 1 January 2015 for loss per share (“LPS”), respectively;
- (f) assume that the Rights cum Warrants Issue was completed on 31 December 2015 for the purposes of computing the financial effects on the share capital, NTA and gearing; and
- (g) assume that the Rights cum Warrants Issue was completed on 1 January 2015 as the case may be, for the purposes of computing the financial effects on the LPS.

Share Capital

The effect of the Rights cum Warrants Issue on the share capital of the Company as at the Latest Practicable Date assuming the Maximum Issue Size is as follows:

	Number of Shares	
	'000	S\$'000
Existing Share Capital (taking into account the May 2016 Placement)	417,296	75,364
Add: New Shares rising from the conversion of Bonus and Piggyback Warrants	74,370	18,948
Issued Share Capital before the issue of Rights Shares	491,666	94,312
Add: Rights Shares to be issued	163,888	6,406
Issued Share Capital after the issuance of the Rights Shares	655,554	100,718
Add: New Shares rising from the conversion of Warrants	819,442	32,778
Enlarged share capital after the Rights cum Warrants Issue upon exercise of all the Warrants	1,474,996	133,496

LETTER TO SHAREHOLDERS

NTA

The effect of the Rights cum Warrants Issue on the NTA of the Group based on the consolidated statement of financial position as at FY2015 assuming the Maximum Issue Size is as follows:

Before the Rights cum Warrants Issue

NTA as at FY2015 (S\$'000)	23,850
Taking into account:	
– proceeds from May 2016 Placement (S\$'000)	6,843
– proceeds from exercises of bonus warrants & piggyback warrants (S\$'000)	18,948
	49,641
Adjusted NTA (S\$'000)	49,641
Number of Shares in issue as at FY2015 ('000)	417,296
Adjusted Number of Shares in issue ('000)	491,666
Adjusted NTA per Share before issue of the Rights Shares (S\$ cents)	10.10

After the issue of the Rights Shares

Add: Net proceeds from the issue of the Rights Shares (S\$'000)	6,406
NTA after the issue of the Rights Shares (S\$'000)	56,047
Number of Shares after the issue of the Rights Shares ('000)	655,554
NTA per Share after the issue of the Rights Shares (S\$ cents)	8.56
NTA after the issue of the Rights Shares and the exercise of the Warrants (S\$'000)	88,825
Number of Shares after the issue of the Rights Shares and the exercise of the Warrants ('000)	1,474,996
NTA per Share after the issue of the Rights Shares and the exercise of the Warrants (S\$ cents)	6.02

LPS

The enlarged share capital of the Company following the Rights cum Warrants Issue may have a dilutive effect on the LPS in the event future earnings do not increase to a level that is commensurate with the earnings dilution arising from the enlarged share capital of the Company. The future effect of the Rights cum Warrants Issue on the Group's earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of Rights Shares and is not determinable at this point in time.

The effect of the Rights cum Warrants Issue on the LPS of the Group based on the consolidated income statement for FY2015 is as follows:

Loss attributable to Shareholders for FY2015 (S\$'000)	(3,480)
Weighted Average Number of Shares in FY2015 per audited accounts ('000)	292,036
Add: number of shares issued pursuant to	
1. May 2016 Placement ('000)	117,000
2. Exercise of existing bonus warrants and piggyback warrants up to Latest Practicable Date ('000)	74,370
	191,370

LETTER TO SHAREHOLDERS

Weighted Average Number of Shares prior to Issue of Rights Shares ('000)	483,406
Add: Number of Rights Shares to be issued ('000)	163,888
Weighted Average Number of Shares after the issue of the Rights Shares ('000)	647,294
Add: Number of Shares from exercise of Warrants ('000)	819,442
Weighted Average Number of Shares after the issue of the Rights Shares and the exercise of all the Warrants ('000)	1,466,736
LPS for FY2015 per audited accounts (S\$ cents)	(1.2)
Adjusted LPS for FY2015 (before the issue of Rights Shares) (S\$ cents)⁽¹⁾	(0.7)
Adjusted LPS after adjusting for the issue of the Rights Shares (S\$ cents)⁽²⁾	(0.5)
Adjusted LPS after adjusting for the issue of the Rights Shares and the exercise of all the Warrants (S\$ cents)⁽¹⁾	(0.2)

Notes:

- (1) The adjusted LPS (before the issue of Rights Shares) was calculated on the assumption that the Shares issued pursuant to the May 2016 Placement was completed at the beginning of FY2015 and the exercise of existing bonus warrants and piggyback warrants were issued at the beginning of FY2015 and added to the weighted average number of Shares in issue in FY2015. It is also assumed that the consideration from the issue of these Shares has no impact on the loss attributable to Shareholders for FY2015.
- (2) The adjusted LPS after adjusting for the issue of Rights Shares and for the issue of Right Shares and exercise of Warrants was calculated on the assumption that the Right Shares were in issue and the Warrants were exercised at the beginning of FY2015 and added to the weighted average number of Shares prior to issue of Rights Shares. It is also assumed that the consideration from the issue of Rights Shares and exercise of Warrants has no impact on the loss attributable to Shareholders for FY2015.

Gearing

The effect of the Rights cum Warrants Issue on the gearing of the Group, based on the consolidated financial statements of the Group as at FY2015 assuming the Maximum Issue Size is as set out below.

Total borrowings ⁽¹⁾ as at FY2015 (S\$'000)	31,973
Shareholders' funds ⁽²⁾ as at FY2015 (S\$'000)	46,209
Total capital ⁽³⁾ as at FY2015 (S\$'000)	78,182
Gearing as at FY2015 (times) ⁽⁴⁾	0.41
Add: Net proceeds from the issue of the Rights Shares (S\$'000)	6,406
Total capital ⁽³⁾ after the issue of the Rights Shares (S\$'000)	84,588
Gearing after the issue of the Rights Shares (times) ⁽⁴⁾	0.38
Add: Net proceeds from the exercise of all the Warrants (S\$'000)	32,778
Total capital ⁽³⁾ after the exercise of all the Warrants (S\$'000)	117,366
Gearing after the exercise of all the Warrants (times) ⁽⁴⁾	0.27

LETTER TO SHAREHOLDERS

Notes:

- (1) "Total borrowings" mean the amount of liabilities arising from all the borrowings from banks and other financial institutions.
- (2) "Shareholders' funds" means the aggregate of the issued share capital, accumulated losses and other reserves of the Group.
- (3) "Total capital" is computed based on Shareholders' funds plus total borrowings.
- (4) "Gearing" means the ratio of the Group's total borrowings to total capital.

3. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and
- (c) the ARS or through the ATMs of the participating banks, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

4. THE WHITEWASH RESOLUTION IN RELATION TO THE RIGHTS CUM WARRANTS ISSUE

4.1. Interests of Mr Chan Heng Fai and HBD

As at the Latest Practicable Date, the shareholding interests of Mr Chan Heng Fai and HBD in the Company are as follows:

	No. of Shares held	% of issued share capital
Mr Chan Heng Fai	46,750,000	11.20%
HBD ⁽¹⁾	155,250,000	37.21%
Total⁽²⁾	202,000,000	48.41%

Notes:

- (1) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD.
- (2) As at the Latest Practicable Date, Mr Chan Heng Fai and HBD also hold in aggregate 25,904,781 bonus warrants, 2,217,391 piggyback warrants, and Mr Chan Heng Fai holds 1,061,333 employee share options.

4.2. Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, where any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional Shares carrying more than 1% of the voting rights of the Company, he is required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control.

As at the Latest Practicable Date, the Concert Party Group hold aggregate interests of approximately 48.4% of the Existing Share Capital, representing 48.4% of the voting rights of the Company.

LETTER TO SHAREHOLDERS

Mr Chan Heng Fai and HBD have undertaken to subscribe for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants (subject to availability) under the Rights cum Warrants Issue pursuant to the Undertakings. Details of the Undertakings can be found in Section 2.11 of this Circular.

To evaluate the likelihood of the Concert Party Group acquiring Rights Shares with Warrants such that the Concert Party Group increases its shareholding and voting rights in the company by more than 1% (the “**1% Threshold**”) as a result of the Rights cum Warrants Issue, an analysis of the shareholding interest of the Concert Party Group is set out below for illustration purposes only. The analysis will include a maximum and a minimum scenario based on the following assumptions:

- (a) **Maximum Scenario.** This scenario assumes the Maximum Issue Size and that there is a full subscription by all Shareholders for all the Rights Shares with Warrants including subscription by the Concert Party Group of their Rights Shares with Warrants entitlements. Further, under this Maximum Scenario, two sub-scenarios will be considered. The first sub-scenario assumes that all shareholders including the Concert Party Group fully exercise all their Warrants into Exercised Shares and second sub-scenario assumes that only the Concert Party Group fully exercises all their Warrants into Exercised Shares;
- (b) **Minimum Scenario.** This scenario assumes the Maximum Issue Size and that none of the Shareholders (save for the Concert Party Group) subscribes for any of their Rights Shares with Warrants entitlements and only the Concert Party Group subscribes for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants under the Rights cum Warrants Issue; and the Concert Party Group fully exercises their Warrants into Exercised Shares.

	Shareholding interest of the Concert Party Group in the Company’s enlarged issued share capital			
	Before the Rights cum Warrants Issue		After the Rights cum Warrants Issue and exercise of Warrants	
	No. of Shares	%⁽¹⁾	No. of Shares	%
Maximum Scenario				
• All Shareholders (including the Concert Party Group) exercise their Warrants	202,000,000	41.08	605,999,998	41.08
• Only the Concert Party Group exercises their Warrants	202,000,000	41.08	605,999,998	61.08
Minimum Scenario	202,000,000	41.08	1,036,591,702	78.16

Note:

- (1) Assuming the Maximum Issue Size whereby the Company’s enlarged issued share capital will become 491,665,425 Shares, shareholding of the Concert Party Group will be diluted to 41.08% before the Rights cum Warrants Issue.

LETTER TO SHAREHOLDERS

As illustrated above:

- (a) Under the Maximum Scenario and assuming that there is a full subscription for all the Rights Shares with Warrants and all Shareholders (including the Concert Party Group) fully exercise all their Warrants into Exercised Shares, the Concert Party Group's shareholding shall remain at 41.08% after the Rights cum Warrants Issue and upon exercise of their Warrants.
- (b) Under the Maximum Scenario and assuming that only the Concert Party Group fully exercises all their Warrants into Exercised Shares, the Concert Party Group's shareholding may increase from 41.08% to 61.08% after the Rights cum Warrants Issue. This would therefore exceed the 1% Threshold after the Proposed Rights cum Warrants Issue and upon exercise of their Warrants.
- (c) Under the Minimum Scenario, after the acquisitions of 139,098,617 Rights Shares pursuant to their Undertakings and upon the exercise of all their Warrants, the Concert Party Group's shareholding may increase from 41.08% to 78.16%, after the Rights cum Warrants Issue. This would therefore exceed the 1% Threshold after the Proposed Rights cum Warrants Issue and upon exercise of their Warrants.

In addition to the above scenarios, assuming that:

- (i) none of the Company's outstanding convertible securities (i.e. the piggyback warrants, bonus warrants and share options) are exercised by Shareholders prior to the Books Closure Date; and
- (ii) none of the Shareholders (save for the Concert Party Group) subscribes for any of their Rights Shares with Warrants entitlements and only the Concert Party Group subscribes for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants under the Rights cum Warrants Issue and the Concert Party Group fully exercises their Warrants into Exercised Shares,

the Concert Party Group's shareholding may increase from 48.41% to 82.80% after the Rights cum Warrants Issue. This would therefore exceed the 1% Threshold after the Proposed Rights cum Warrants Issue and upon exercise of their Warrants.

The fulfilment of Mr Chan Heng Fai and HBD of their obligations under the Undertakings may result in the Concert Party Group acquiring Rights Shares resulting in them increasing their shareholding and voting rights in the Company by more than the 1% Threshold. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the SIC.

Accordingly, an application was made by the Company to the SIC for, *inter alia*, a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of their subscription of 67,333,333 Rights Shares with Warrants and up to 71,765,284 Excess Rights Shares with Warrants (subject to availability) under the Rights cum Warrants Issue and the exercise of their Warrants. On 5 August 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions set out in Section 4.4 of this Circular.

LETTER TO SHAREHOLDERS

4.3. Potential Dilution

As a result of the Rights cum Warrants Issue and the Undertakings, the collective shareholding interests of Shareholders (other than the Concert Party Group) may be diluted from 51.59% down to 17.20%. Further details of the potential dilution are set out as follows:

A. Assuming the Maximum Issue Size

Before the Rights cum Warrants Issue

	No. of Shares held	% of issued share capital ⁽¹⁾
Concert Party Group ⁽¹⁾	202,000,000	41.08%
Mr Chan Heng Fai	46,750,000	9.51%
HBD	155,250,000	31.57%
Other Shareholders	289,665,425	58.92%
Total	491,665,425	100%

Note:

- (1) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD. As at the Latest Practicable Date, Mr Chan Heng Fai and HBD also hold in aggregate 25,904,781 bonus warrants, 2,217,391 piggyback warrants, and Mr Chan Heng Fai holds 1,061,333 employee share options. Assuming the Maximum Issue Size whereby the Company's enlarged issued share capital will become 491,665,425 Shares, shareholding of the Concert Party Group will be diluted to 41.08% before the Rights cum Warrants Issue.

After the Rights cum Warrants Issue but before the exercise of Warrants

	Minimum Scenario		Maximum Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Party Group	341,098,617	54.08%	269,333,333	41.08%
Mr Chan Heng Fai	134,098,617	21.26%	62,333,333	9.51%
HBD	207,000,000	32.82%	207,000,000	31.57%
Other Shareholders	289,665,425	45.92%	386,220,566	58.92%
Total	630,764,042	100.0%	655,553,899	100.0%

After the Rights cum Warrants Issue and exercise of all Warrants by the Concert Party Group only

	Minimum Scenario		Maximum Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Party Group	1,036,591,702	78.16%	605,999,998	61.08%
Mr Chan Heng Fai	570,841,702	43.04%	140,249,998	14.14%
HBD	465,750,000	35.12%	465,750,000	46.94%
Other Shareholders	289,665,425	21.84%	386,220,566	38.92%
Total	1,326,257,127	100.0%	992,220,564	100.0%

LETTER TO SHAREHOLDERS

B. Assuming that:

- (i) none of the Company's outstanding convertible securities (i.e. the piggyback warrants, bonus warrants and share options) are exercised by Shareholders prior to the Books Closure Date; and
- (ii) none of the Shareholders (save for the Concert Party Group) subscribes for any of their Rights Shares with Warrants entitlements and only the Concert Party Group subscribes for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants under the Rights cum Warrants Issue and the Concert Party Group fully exercises their Warrants into Exercised Shares.

	Before the Rights cum Warrants Issue		After the Rights cum Warrants Issue	
	No. of Shares held	% of issued share capital⁽²⁾	No. of Shares held	% of issued share capital⁽²⁾
Concert Party Group ⁽¹⁾	202,000,000	48.41%	1,036,591,702	82.80%
Mr Chan Heng Fai	46,750,000	11.20%	570,841,702	45.60%
HBD	155,250,000	37.21%	465,750,000	37.20%
Other Shareholders	215,295,850	51.59%	215,295,850	17.20%
Total	417,295,850	100.0%	1,251,887,552	100.0%

Notes:

- (1) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD. As at the Latest Practicable Date, Mr Chan Heng Fai and HBD also hold in aggregate 25,904,781 bonus warrants, 2,217,391 piggyback warrants, and Mr Chan Heng Fai holds 1,061,333 employee share options.
- (2) Based on the Existing Share Capital.

4.4. Whitewash Waiver

On 5 August 2016, the SIC waived the obligation for the Undertaking Shareholders to make a mandatory general offer for the Company under Rule 14 of the Code for the Company as a result of their acquisition of up to 139,098,617 Rights Shares with Warrants pursuant to the Undertakings and the exercise of their Warrants, subject to the satisfaction of the following SIC Conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares and Warrants, the Whitewash Resolution by way of a poll to waive their right to receive a general offer from the Undertaking Shareholders;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Undertaking Shareholders, parties acting in concert with them and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Undertaking Shareholders and their concert parties did not acquire and are not to acquire any shares in the Company or instruments convertible into and options in respect of shares in the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares in the Company which have been disclosed in this Circular):
 - (i) during the period between the date of the Rights Announcement and the date shareholders' approval is obtained for the Whitewash Resolution; and

LETTER TO SHAREHOLDERS

- (ii) in the 6 months prior to the date of the Rights Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in its Circular to Shareholders:
 - (i) details of the Rights cum Warrants Issue;
 - (ii) the possible dilution effect to existing holders of voting rights of the Company upon the subscription of the Rights Shares pursuant to the Undertakings and Exercised Shares (upon the exercise of the Warrants) by the Undertaking Shareholders;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by the Undertaking Shareholders and their concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Undertaking Shareholders as a result of their subscription for the Rights Shares pursuant to the Undertakings and exercise of their Warrants;
 - (v) specific and prominent reference to the fact that the subscription by the Undertaking Shareholders of the Rights Shares and the exercise of the Warrants by the Undertaking Shareholders may result in the Undertaking Shareholders and their concert parties holding shares carrying over 49% of the voting rights of the Company, and the fact that the Undertaking Shareholders and their concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 to make a general offer;
 - (vi) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Undertaking Shareholders at the highest price paid by the Undertaking Shareholders and their concert parties for the Company's shares in the past 6 months preceding the commencement of the offer; and
 - (vii) that Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants acquired by the Undertaking Shareholders pursuant to the Undertakings.
- (g) the Circular by the Company to its Shareholders states that the waiver granted by SIC to the Undertaking Shareholders from the requirement to make a general offer under Rule 14 is subject to the conditions stated in sub-paragraphs (a) to (f) above;
- (h) the Undertaking Shareholders obtain SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution;
- (i) to rely on the Whitewash Resolution, the acquisition of the Rights Shares and Warrants under the Rights cum Warrants Issue by the Undertaking Shareholders must be completed within 3 months of the approval of the Whitewash Resolution, and the acquisition of Exercised Shares by the Undertaking Shareholders upon exercise of the Warrants must be completed within 5 years of the date of issue of the Warrants; and
- (j) the Undertaking Shareholders complying or procuring the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Code.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, save for the conditions set out in (a), (c), (i) and (j) above, all the other SIC Conditions set out above have been satisfied.

4.5. Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution (Ordinary Resolution 2) set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by them.

Shareholders should note that the passing of the Whitewash Resolution (Ordinary Resolution 2) is inter-conditional with the passing of the ordinary resolution in relation to the Rights cum Warrants Issue (Ordinary Resolution 1). This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, the Company will not proceed with the Rights cum Warrants Issue.

4.6. Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) **that the acquisition of the Rights Shares and the exercise of the Warrants by the Concert Party Group may result in the Concert Party Group and their concert parties carrying over 49% of the voting rights of the Company based on its enlarged issued capital and that the Concert Party Group and their concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;**
- (b) **by voting in favour of the Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group and their concert parties in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and**
- (c) **that Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants acquired by the Undertaking Shareholders pursuant to the Undertakings.**

4.7. Advice from Independent Financial Adviser

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Whitewash Resolution.

The letter from the IFA for the Whitewash Resolution (the “**IFA Whitewash Letter**”) to the Recommending Directors in respect of the Whitewash Resolution dated 31 August 2016 is reproduced in Appendix II of this Circular. The following is an extract from Section 8 of the IFA Whitewash Letter to the Recommending Directors and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Whitewash Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Whitewash Letter, unless otherwise stated.

LETTER TO SHAREHOLDERS

"In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- (a) rationale for the Rights cum Warrants Issue and the use of proceeds;*
- (b) the Rights Shares cum Warrants being offered to all entitled Shareholders on a pro rata basis;*
- (c) assessment of the Issue Price of the Rights Shares and the terms of the Warrants;*
- (d) financial effects of the Rights cum Warrants Issue;*
- (e) dilution impact of the Rights cum Warrants Issue on the Independent Shareholders;*
- (f) the Rights cum Warrants Issue being inter-conditional on the Proposed Whitewash Resolution; and*
- (g) support from the Concert Party Group for the Rights cum Warrants Issue.*

Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the Proposed Whitewash Resolution, when considered in the context of the Rights cum Warrants Issue, is fair and reasonable, and is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

Independent Shareholders should take note that the Sponsor has made an application for the listing and quotation of only the Rights Shares and Exercised Shares. The Company has stated that the Warrants will NOT be listed and cannot be traded on the SGX-ST."

5. ABSTENTION FROM VOTING

Pursuant to the Code and SIC Conditions, the Concert Party Group (namely Mr Chan Heng Fai and HBD) and their concert parties (including Mr Chan Tung Moe, an Executive Director of the Company and the son of Mr Chan Heng Fai) and parties not independent of the Concert Party Group shall abstain, and shall procure their associates to abstain, from voting on resolutions approving the Proposed Whitewash Resolution. The Concert Party Group, their concert parties (including Mr Chan Tung Moe) and their associates will also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 2 (in relation to the Proposed Whitewash Resolution) unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

6. POSSIBLE ADJUSTMENTS TO THE BONUS WARRANTS, PIGGYBACK WARRANTS AND SHARE OPTIONS

As a result of the Rights cum Warrants Issue, the exercise price of the Bonus Warrants, Piggyback Warrants and Share Options may be adjusted in accordance with the respective terms and conditions of the Bonus Warrants, Piggyback Warrants and Share Options. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

LETTER TO SHAREHOLDERS

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Basil Chan	–	–	–	–	–	–
Chan Heng Fai ⁽²⁾	46,750,000	11.20	155,250,000	37.21	202,000,000	48.41
Chan Tung Moe ⁽³⁾	–	–	–	–	–	–
Chan Yu Meng	–	–	–	–	–	–
Tao Yeoh Chi	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Hengfai Business Development Pte. Ltd. (formerly known as Hengfai Strategic Investment Pte. Ltd.)	155,250,000	37.21	–	–	155,250,000	37.21
Toh Soon Huat	8,750,000	2.1	25,291,100	6.06	34,041,100	8.16

Notes:

- (1) Based on the Existing Share Capital.
- (2) Mr Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in the Shares held by HBD. As at the Latest Practicable Date, Mr Chan Heng Fai and HBD also hold in aggregate 25,904,781 bonus warrants, 2,217,391 piggyback warrants, and Mr Chan Heng Fai holds 1,061,333 employee share options.
- (3) Mr Chan Tung Moe is the son of Mr Chan Heng Fai.

The interests of the Directors and Substantial Shareholders in other securities of the Company as at the Latest Practicable Date were as follows:

	No. of Bonus warrants ⁽²⁾	No. of Piggyback warrants ⁽³⁾	No. of Employee Share options ^{(4) (5)}
Directors			
Chan Heng Fai	8,780,434	–	1,061,333
Chan Tung Moe	–	–	–
Basil Chan	–	–	796,000
Chan Yu Meng	–	–	530,667
Tao Yeoh Chi	–	–	530,667
Substantial Shareholder (other than Directors)			
HBD ⁽¹⁾	17,124,347	2,217,391	–

Notes:

- (1) Chan Heng Fai is a company director and sole shareholder of HBD and is deemed interested in HBD's interests in the Company.
- (2) The exercise price for each bonus warrant is \$0.20.

LETTER TO SHAREHOLDERS

- (3) The exercise price for each piggyback warrant is \$0.30.
- (4) The exercise price of each share option held by Mr Basil Chan is \$0.11.
- (5) The exercise price of each share option held by Directors other than Mr Basil Chan is \$0.12.

8. DIRECTORS' RECOMMENDATIONS

8.1. Resolution 1: The Rights cum Warrants Issue (as Ordinary Resolution)

The Directors, having considered, *inter alia*, the terms and rationale for the Rights cum Warrants Issue as set out in this Circular, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

8.2. Resolution 2: The Proposed Whitewash Resolution (as Ordinary Resolution)

The Recommending Directors in respect of the Proposed Whitewash Resolution, having considered, *inter alia*, the rationale for the Rights cum Warrants Issue as set out in this Circular and the advice of the IFA as set out in the IFA Whitewash Letter for the Whitewash Resolution in Appendix II of this Circular, are of the opinion that the Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM. The Independent Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of a poll to approve the same.

8.3. Note to Shareholders

In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at the place and time as set out in the Notice of EGM, for the purpose of considering, and, if thought fit, passing, with or without any modifications, the Proposed Resolutions.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete and sign the Proxy Form which is attached to this Circular in accordance with the instructions printed thereon and return it to the Company's registered office at 10 Winstedt Road, Block A #02-02 Singapore 227977 as soon as possible and in any event so as to arrive at the Company's registered office no later than 10 a.m. on 12 September 2016. The completion and return of the Proxy Form by a Shareholder will not preclude him from attending the EGM and voting in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

LETTER TO SHAREHOLDERS

11. MATERIAL LITIGATION

Save as disclosed below, the Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its subsidiaries during the twelve (12) months preceding the date of this Circular which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such litigation or arbitration claim:

- (a) In April 2015, the Company was served with a Writ of Summons and a Statement of Claim by the solicitors acting for Mr Liew Sen Keong (the “**Plaintiff**”), a former executive director of the Company, claiming for the sum of S\$1,500,000 from an original S\$3,000,000 unsecured interest-free loan granted by the Plaintiff to the Company in 2014, and interests and costs.

The Company had formally counterclaimed against the Plaintiff for contribution in the sum of S\$2,093,250 relating to a personal guarantee given by the Plaintiff as well as for damages amounting to S\$8,489,889 as at 28 April 2015 due to performance bonds called and indemnified by the Company in relation to the outstanding corporate guarantees issued by the Company for the benefit of CIPL. The Company announced on 16 May 2014 that the Plaintiff had undertaken in a sale and purchase agreement in relation to the disposal of CIPL (“**CIPL SPA**”), amongst other things, to procure that outstanding corporate guarantees issued by the Company for the benefit of CIPL be replaced by back to back guarantees to be given by the purchaser of CIPL. To date, the Plaintiff had failed to procure such replacement.

The Company was successful in obtaining summary judgment in the Suit no. 257 of 2015 (“**Suit**”) on 17 August 2015 against the Plaintiff for the Company’s counterclaim for contribution as stated above. In light of the summary judgment made against the Plaintiff, the Company has a judgment for the sum of S\$593,250 (being the Company’s claim of S\$2,093,250 less the Plaintiff’s claim of S\$1,500,000) which they can enforce against the Plaintiff. As for the rest of the Company’s counterclaim for damages against the Plaintiff in the Suit, these counterclaims will proceed to trial.

On 21 August 2015, the Plaintiff filed an appeal against the summary judgment made in favour of the Company and the hearing of the appeal was scheduled to take place on 30 October 2015. The appeal was heard from 30 October 2015 to 3 November 2015 and thereafter the Plaintiff’s appeal was dismissed on 3 November 2015. In the result, the Company was given judgment for the sum of S\$593,250 plus costs of the appeal.

Please refer to the Company’s announcements dated 2 April 2015, 21 July 2015, 20 October 2015 and 4 November 2015 for further information in this regard.

12. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date:

- (a) The subscription agreement dated 29 January 2016 entered into between the Company and HBD for the placement of 117,000,000 new Shares to HBD at an issue price of S\$0.06 for each Share, for an aggregate subscription consideration of S\$7,020,000. Please refer to the Company’s announcement on 29 January 2016;
- (b) The loan agreement dated 21 August 2015 entered into between the Company and its wholly-owned subsidiary, SeD Home, Inc (“**SeD Home**”) and HBD. Pursuant to the Loan Agreement, HBD has agreed to grant an interest-free loan facility of up to US\$15,000,000 to SeD Home. Please refer to Section 2.9 of this Circular and the Company’s announcement on 24 August 2015;

LETTER TO SHAREHOLDERS

- (c) A settlement agreement dated 30 June 2015 entered into between the Company and Compagnie Francaise d'Assurance pour le Commerce Exterieur ("**COFACE**") in respect of the settlement of the Company's liabilities incurred pursuant to the indemnity provided by the Company to COFACE as the issuer of the performance bond of the building works at Jurong West Neighbourhood 2 Contract 19. Please refer to the Company's announcement on 1 July 2015;
- (d) A placement agreement dated 16 June 2015 entered into between the Company and Mr Fan, Ben for the issue of 15,000,000 new Shares to Mr Fan, Ben at an issue price of S\$0.081 per Share. Please refer to the Company's announcement of 21 July 2015;
- (e) A strategic co-operation agreement dated 26 May 2015 entered into between the Company and Guotsing Holding Group Co., Ltd to co-operate and jointly pursue projects of mutual interests. Please refer to the Company's announcement of 27 May 2015;
- (f) A memorandum of understanding dated 26 May 2015 entered into between the Company and QingJian International Group Co., Ltd to collaborate on the acquisition of a property in Frederick County, Maryland, USA. Please refer to the Company's announcements of 27 May 2015 and 6 October 2015;
- (g) A subscription agreement dated 20 May 2015 entered into between the Company and Ms Camielle Fan whereby Ms Camielle Fan will subscribe for a profit-participating bond of face value US\$2 million for the issue price of US\$2 million. Please refer to the Company's announcement of 22 May 2015. On 21 March 2016, the Company redeemed US\$1 million from the principal amount of the Private Bond;
- (h) A non-binding memorandum of understanding dated 12 August 2014 entered into between the Company and Mr. Chan Heng Fai and Mr. Jacky Zhuang (collectively, the "**Vendors**") in relation to the proposed acquisition by the Company of the Vendors' entire equity interest in CloudTel Pte Ltd. The parties terminated this agreement on 2 February 2015. Please refer to the Company's announcements of 12 August 2014 and 2 February 2015; and
- (i) A settlement agreement dated 27 August 2014 entered into between the Company with SHC Insurance Pte Ltd ("**SHC**") in respect of the Company's liabilities incurred pursuant to the indemnity provided by the Company to SHC as the issuer of the performance bond of the building works at Tuas Bay Drive. Please refer to the Company's announcements of 28 April 2014, 30 April 2014, 25 August 2014 and 27 August 2014.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

14. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Whitewash Letter for the Whitewash Resolution dated 31 August 2016 and all references thereto, in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

15. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Winstedt Road, Block A #02-02 Singapore 227977 during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (a) the Annual Report of the Company for FY2013, FY2014 and FY2015;
- (b) the Constitution of the Company;
- (c) the Deed Poll;
- (d) the IFA Whitewash Letter for the Proposed Whitewash Resolution;
- (e) the letter of consent by the IFA; and
- (f) the material contracts referred to in Section 12 of this Circular.

Yours faithfully
For and behalf of the Board of Directors of
Singapore eDevelopment Limited

Chan Heng Fai
Executive Director and Chief Executive Officer

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

1. Consolidated Statement of Comprehensive Income

The audited consolidated comprehensive income of the Group for the financial years ended 31 December 2013 (“FY2013”), 31 December 2014 (“FY2014”), 31 December 2015 (“FY2015”), half year ended 30 June 2015 (“HY2015”) and half year ended 30 June 2016 (“HY2016”) are set out below:

Consolidated Statement of Comprehensive Income	Group				
	HY2016 Unaudited S\$'000	HY2015 Unaudited S\$'000	FY2015 Audited S\$'000	FY2014 Restated S\$'000	FY2013 Restated S\$'000
Continuing operations					
Revenue	893	3,365	4,337	–	–
Cost of sales	(714)	(2,549)	(3,591)	(41)	–
Gross profit (Loss)	179	816	746	(41)	–
Other income	490	2,464	6,366	466	3
Finance income	–	–	20	–	1
Marketing expenses	160	(973)	(1,206)	(178)	–
Administrative expenses	(3,017)	(2,383)	(6,534)	(3,875)	(986)
Research and Development	(296)	(749)	(1,845)	(231)	–
Other expenses	(2,412)	(541)	(1,205)	(3,785)	–
Finance costs	(130)	(18)	(139)	(11)	(16)
Share of loss an associate	(291)	–	(156)	–	–
Loss before tax from continuing operations	(5,317)	(1,384)	(3,953)	(7,655)	(998)
Income tax benefit	–	–	381	–	–
Loss from continuing operations, net of tax	(5,317)	(1,384)	(3,572)	(7,655)	(998)
Discontinued operation					
Profit/(loss) from discontinued operation, net of tax	–	(324)	186	(13,088)	(21,422)
Loss for the year	(5,317)	(1,708)	(3,386)	(20,743)	(22,420)
Attributable to:					
Owners of the Company					
Loss from continuing operations, net of tax	(5,285)	(1,353)	(3,480)	(7,642)	(998)
Profit/(loss) from discontinued operation, net of tax	–	(324)	186	(13,088)	(21,422)
	(5,285)	(1,677)	(3,294)	(20,730)	(22,420)

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Consolidated Statement of Comprehensive Income	Group				
	HY2016 Unaudited S\$'000	HY2015 Unaudited S\$'000	FY2015 Audited S\$'000	FY2014 Restated S\$'000	FY2013 Restated S\$'000
Non-controlling interests					
Loss from continuing operations, net of tax	(32)	(31)	(92)	(13)	–
Loss from discontinued operation, net of tax	–	–	–	–	–
	(32)	(31)	(92)	(13)	–
	(5,317)	(1,708)	(3,386)	(20,743)	(22,420)
Other comprehensive income:					
Foreign currency translation	(95)	(12)	(62)	(7)	–
Total comprehensive income for the year	(5,412)	(1,720)	(3,448)	(20,750)	(22,420)
Attributable to:					
Owners of the Company					
Loss from continuing operations, net of tax	(5,217)	(1,365)	(3,542)	(7,649)	(998)
Profit/(loss) from discontinued operation, net of tax	–	(324)	186	(13,088)	(21,422)
	(5,217)	(1,689)	(3,356)	(20,737)	(22,420)
Non-controlling interests					
Loss from continuing operations, net of tax	(195)	(31)	(92)	(13)	–
Loss from discontinued operation, net of tax	–	–	–	–	–
	(195)	(31)	(92)	(13)	–
Total comprehensive income for the year	(5,412)	(1,720)	(3,448)	(20,750)	(22,420)

nm = Not Meaningful

Source: Annual reports of the Company for FY2015, FY2014 and FY2013, and the HY2015 and HY2016 results announcements. Consolidated Statements of Comprehensive income for FY2013 had been restated in accordance with presentation adopted for FY2014.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

2. Profit and Loss Review

Unaudited HY2016 vs Unaudited HY2015

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

In HY2016,

- a. The Property Development Business' home incubation programme – which acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, U.S., for sale in FY2015 – delivered three units to buyers and, accordingly, recognised S\$0.9 million in revenue and S\$0.2 million in gross profit. The remaining seven units have been pre-sold and are expected to be handed over in 2H2016.
- b. In HY2016, BMI Capital Partners International Limited (“**BMI**”) collaborated with an external consultant for the Investment Business and a service contract was signed and revenue of HK\$0.2 (S\$0.04) million has been recognized in HY2016.
- c. Info-Tech Business restructuring has been completed in HY2016. The development of HotApp has shifted to focus on Business to Business (B2B) solutions. The team was in active engagement for trial release of the Enterprise HotApp solution. Revenue has yet to be recorded.

Marketing expenses recorded S\$0.2 million credit due to the reversal of prepaid advertising costs for the promotion of the Home Incubation programme (amounting to S\$0.1 million), and the reversal of S\$0.1 million of HotApp calling credit.

Administrative expenses increased to S\$3.0 million in HY2016 from S\$2.4 million in HY2015 mainly due to:

- Additional expenses of S\$0.3 million associated with the new investment business which commenced in October 2015; and
- Additional expenses of S\$0.3 million associated with the U.S. property operations.

Research and Development expenditure decreased to S\$0.3 million in HY2016 from S\$0.8 million in HY2015 following the streamlining and restructuring of HotApp's operations as announced on 19 January 2016.

Other Income amounted to S\$0.5 million in HY2016 compared to S\$2.5 million in HY2015. The higher amount in HY2015 was due to a gain of S\$2.1 million from fair value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes, (also see paragraph 1b(ii)). As at 30 June 2016, the Company had fully redeemed the Exchangeable Notes and the fair value gain of S\$0.5 million has been recognized.

Other expenses increased by S\$1.8 million mainly relates to loss from the early redemption of exchangeable notes in May, 2016 and the recognition of S\$1.4 million in unrealised foreign exchange losses arising from the depreciation of the U.S. Dollar in HY2016 on U.S. Dollar-based loans to the Group's U.S. property development operations.

Depreciation increased by S\$0.04 million pertain to the increase in furniture, fixtures and computer equipment amounting to S\$0.1 million.

Finance cost increased to S\$0.1 million mainly due to S\$0.07 million for the redemption of exchangeable note

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Audited FY2015 (restated) vs Audited FY2014 (restated)

The Group's Continuing Operations comprises International Property Development, Information Technology-Related Businesses and Capital Market Services.

In FY2015, the International Property Development business generated revenue of S\$4.3 million as compared with no revenue for FY2014. The FY2015 revenue was derived as part of the Home Incubation program in which the Group acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, USA, for resale.

Other income in FY2015 comprised mainly of a gain of S\$4.8 million from fair-value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes and S\$1.5 million in unrealised foreign exchange gain resulting from appreciation of the US Dollar against the Singapore Dollar.

Marketing expenses rose by S\$1.0 million due to an increase in advertising costs of S\$0.4 million and S\$0.1 million incurred for the sales and promotion of tenanted homes in Houston and the three waterfront residential sites in Mandurah City, Perth, Australia, respectively. Additional promotional and administrative expenses of S\$0.5 million were incurred by HotApp as part of its initial launch in the People's Republic of China and user-acquisition activities during FY2015.

HotApp incurred research & development expenses of S\$1.8 million in FY2015 compared to S\$0.2 million in FY2014. The Group wrote off these expenses which comprise mainly employee costs, depreciation and other incidental costs incurred to develop software for the HotApp mobile application.

Administrative expenses for the Group increased by S\$2.7million in FY2015 compared to FY2014 due mainly to:

- (i) Higher expenses associated with HotApp, mainly due to HotApp's full-year operations in FY2015 compared to partial operations in FY2014. The Group also incurred higher administrative expenses due to the setting up of HotApp's Hong Kong office and the appointment of a Chief Technology Officer in June 2015;
- (ii) Higher expenses associated with U.S. property operations;
- (iii) Expenses incurred in setting up of the Group's new capital market service business; and
- (iv) Higher corporate salaries arising from an increase in headcount since the second half of FY2014.

Other expenses in FY2015 comprised mainly a provision of S\$1.1 million (FY2014: S\$0.4 million) for withholding tax arising from accrued interest income on advances to subsidiaries based outside Singapore; and a provision of S\$0.1 million for impairment of other receivables and an impairment for software of S\$0.1 million (FY2014: Nil).

Finance expense increased to S\$0.1 million for FY2015 mainly due to the 8% US\$2 million profit participating private bond deployed to the US property development business.

The Group disposed of its construction business held under CIPL on 21 May 2014, the discontinued operation recorded a net gain of S\$0.2 million, due mainly to the recognition of a judgement award of S\$2.0 million partially offset by additional provision of S\$1.0 million for claims against corporate indemnities previously issued as performance guarantees; and the additional impairment of trade and other receivables of S\$0.3 million and S\$0.6 million, respectively.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Audited FY2014 vs Audited FY2013 (restated)

The Group's continuing operations comprises Property Development Business and Information Technology Business.

No revenue was recognized in FY2014 as both operations did not generate any revenue as all properties were still in the development stage while HotApp, the newly acquired mobile application, was in the final stage of development pending commercial launch. The Group incurred a small gross loss of S\$0.04 million in FY2014 as the result of running cost - mainly employee and network operation expenses relating to HotApp.

Other income increased by S\$0.46 million from S\$0.01 million in FY2013 to S\$0.47 million in FY2014 comprised mainly unrealised foreign exchange gains due to appreciation of the US Dollar during the last quarter of FY2014 on US Dollar-based loans to the Group's property operation in US.

Marketing expenses increased by S\$0.18 million from Nil in FY2013 to S\$0.18 million in FY2014 comprised mainly increase in advertising costs incurred for promotion of sales of tenanted homes in Houston, Texas and additional employee and other expenses were incurred by HotApp as part of its pre-launch activities.

Administrative expenses increased by S\$2.8 million from S\$1.0 million in FY2013 to S\$3.8 million in FY2014 mainly due to the increased in legal and professional fees incurred arising from restructuring, issuance of Exchangeable Notes, disputes of contracts and disposal of CIPL totaling S\$0.9 million. Increase of S\$0.2 million is attributed to share-based compensation (employee share options). Part of the increase is also due to increase in staff costs incurred due to additional corporate staff and higher salary compensation.

Research & Development expenses increased by S\$0.23 million from Nil in FY2013 to S\$0.23 million in FY2014 relates to employee costs, depreciation and other incidental costs incurred for the software development of the HotApp mobile application.

Other expenses increased by S\$3.7 million from Nil in FY2013 to S\$3.7 million in FY2014 relates to a loss of S\$3.0 million on fair value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes and write off of S\$0.4 million of listing expenses.

Discontinued Operation

The Group disposed its construction business held under CIPL on 21 May 2014. Subsequent to the disposal of CIPL, the Group reviewed its remaining construction activities undertaken by its wholly-owned subsidiary, Singapore Construction Pte Ltd ("**SCPL**"). The Group had no outstanding construction activities and had terminated the employment services of all its employees in the construction business in Singapore. Accordingly, the Group decided on 26 February 2015 to discontinue its construction business in Singapore and accounted and reported all activities of CIPL, prior to its disposal, and SCPL as part of Discontinued Operation in FY2014 and restated its comparative in the Consolidated Statement of Comprehensive Income.

The Discontinued Operation recorded a net loss after tax of S\$13.1 million, due mainly to (i) the operating loss of CIPL prior to its disposal on 21 May 2014, an (ii) provision for claims arising from corporate indemnities previously issued as performance guarantees, offset by the gain on disposal of CIPL.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

3. Balance Sheet

The audited consolidated balance sheet of the Group as at 31 December 2013, 31 December 2014, 31 December 2015, 30 June 2015 and 30 June 2016 are set out below:

Balance Sheet	Group				
	30/6/2016 Unaudited S\$'000	30/6/2015 Unaudited S\$'000	31/12/2015 Audited S\$'000	31/12/2014 Audited S\$'000	31/12/2013 Audited S\$'000
Non-current assets					
Property, plant and equipment	363	158	358	128	2,557
Software cost	–	98	–	98	–
Investment in subsidiaries	–	–	–	–	–
Trade receivables	401	–	277	–	2,421
	764	256	635	226	4,978
Current assets					
Gross amount due from customers for contract work-in-progress	–	–	–	–	3,331
Trade and other receivables	875	215	6,300	298	15,031
Prepaid operating expenses	218	126	211	181	587
Properties under development	56,165	19,964	52,565	17,278	–
Inventories	–	2,273	–	–	–
Properties held for sale	2,215	–	1,819	–	–
Investment securities	25	–	21	–	–
Bank deposits pledged	3,581	2,019	3,752	344	1,313
Cash and bank balances	4,922	12,617	7,123	21,184	871
	68,001	37,214	71,791	39,285	21,133
Total assets	68,765	37,470	72,426	39,511	26,111
Current liabilities					
Provision for claims	812	1,761	812	3,461	3,000
Trade and other payables	12,874	3,126	14,755	3,517	26,362
Derivative	–	3,302	1,036	5,869	–
Loans and borrowings	29,649	2,172	28,473	1,609	5,973
	43,335	10,361	45,076	14,456	35,335
Net current assets / (liabilities)	24,666	26,853	26,715	24,829	(14,202)
Non-current liabilities					
Trade payables	–	–	–	–	2,254
Loans and borrowings	–	5,701	3,500	3,269	341
	–	5,701	3,500	3,269	2,595
Total liabilities	43,335	16,062	48,576	17,725	37,930
Net assets / (liabilities)	25,430	21,408	23,850	21,786	(11,819)

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Balance Sheet	Group				
	30/6/2016	30/6/2015	31/12/2015	31/12/2014	31/12/2013
	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000	Audited S\$'000	Audited S\$'000
Equity attributable to owners of the Company					
Share capital	75,364	68,539	68,521	67,359	15,809
Other reserves	1,197	380	980	230	(2,569)
Retained earnings	(54,368)	(47,466)	(49,083)	(45,789)	(25,059)
	22,193	21,453	20,418	21,800	(11,819)
Non-controlling interests	3,237	(45)	3,432	(14)	–
Total equity	25,430	21,408	23,850	21,786	(11,819)
Total equity and liabilities	68,765	37,470	72,426	39,511	26,111

Outstanding shares	417,295.85	285,295.85	300,295.85	285,295.85	171,220.00
NTA per share (cents)	5.32	7.50	6.80	7.64	(6.90)

4. Balance Sheet Review

Unaudited HY2016 vs Audited FY2015

The Group purchased additional fixed assets totalling S\$0.1 million in HY2016 comprising furniture, fixtures and computers. The Group's fixed assets depreciated by S\$0.1 million during HY2016.

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 period under review, the Group invested an additional S\$0.4 million in FanssMORE to maintain 19.9% equity stake. Based on this stake as at 30 June 2016, the Group recognised a net loss of S\$0.3 million from the associate in HY2016.

Trade and other receivables decreased to S\$0.9 million as at 30 June 2016 from S\$6.3 million as at 31 December 2015 as the Group drew down S\$5.4 million from a private equity fund lender in relation to a fixed rate loan extended to a subsidiary for the Black Oak project.

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\$3.6 million were incurred in HY2016.

The Group acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, for resale in FY2015. As at 30 June 2016, seven units remained on hand.

In addition, the Group purchased one townhouse located in Washington, DC.

The deposit pledged is related to a US\$2.6 (S\$3.5) million collateral put up for the US\$8 million construction loan for Ballenger Run project.

The decrease in trade and other payables amounting to S\$1.6 million in HY2016 is mainly due to repayment of performance bond.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

The decrease in accrued operating expenses amounting to S\$0.4 million in HY2016 mainly relates to the repayment of interest accrued for Exchangeable Notes.

The decrease in loans and borrowings of S\$2.3 million relates mainly to the repayment of US\$1.0 (S\$1.3 million) of the private bond and the foreign currency translation loss.

Audited FY2015 vs Audited FY2014

In FY2014, the Group procured lands for sub-division in Houston, Texas (“**Black Oak**” project) and property development in Perth, Western Australia (“**Mandurah**” project). During FY2015, the Group had procured land for sub-division in Frederick County, Maryland (“**Ballenger Run**” project). In November 2015, as part of the Group’s home incubation projects, SeD Builder, LLC, a wholly-owned subsidiary of the Group, purchased a terraced residential property in Washington DC for renovation and resale.

Properties under development stood at S\$52.6 million as at 31 December 2015, which principally comprised land purchase costs, project financing costs (which have been capitalised), project management, development and construction costs in relation to the land acquisition of Black Oak; Ballenger Run; and Mandurah.

Properties held for sale amounted to S\$1.8 million as at 31 December 2015, which comprised the 10 of these units remained on hand. Costs principally related to the acquisition cost were incurred.

The increase of S\$6.0 million in trade and other receivables was principally due to a cash amount of S\$6.1 million held with a financial institution by the private equity fund lender to the Black Oak project for construction purpose.

The increase of S\$3.4 million deposits pledged was due to a US\$2.6 million deposit for the US\$8 million construction loan in connection with the Ballenger Run project.

Provision for claims of S\$0.8 million as at 31 December 2015 represented a provisions recorded by the Group for the corporate indemnities previously provided to the since-disposed CIPL.

The increase of S\$11.2 million of trade and other payables was principally due to a S\$8.3 million deposits received from builders arising from pre-sale agreements for Ballenger Run and Black Oak projects, S\$0.9 million in higher accrued construction costs and an increase of S\$1.9 million accrued operating expenses.

In FY2015, the Group’s property development businesses were mainly funded by the 8% participating US\$2 million bond (S\$2.8 million), US\$6 million (S\$8.5 million) construction loan for the Black Oak project, US\$8 million (S\$11.3 million) construction loan for the Ballenger Run project and a US\$10.5 million (S\$14.9 million) interest-free loan from HBD.

In addition, the Group had outstanding Exchangeable Notes and a property loan for the Mandurah project. In FY2014, the Group had loans and borrowings, principally Exchangeable Notes, a loan for Mandurah project and an interest-free loan from a former director.

The net equity attributable to the owners of the Company decreased by S\$1.4 million to S\$20.4 million as at 31 December 2015. The decrease was due mainly to net loss for the year of S\$3.4 million partially offset by (i) S\$1.2 million new share capital from a private placement; and (ii) S\$0.5 million capital reserve derived from the US\$10.5 million interest-free loan provided by HBD.

Audited FY2014 vs Audited FY2013

Properties under development was S\$17.3 million as at 31 December 2014, which comprised land purchase costs, project financing costs (which have been capitalised), project management and development costs in relation to the land acquisition of Black Oak in Houston, United States, and Mandurah, Western Australia.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Provision for claims of S\$3.5 million as at 31 December 2014 represented a 50% provision recorded by the Group for the corporate indemnities previously provided to the since-disposed CIPL.

In FY2014, the Group's property development businesses were mainly funded by Exchangeable Notes (S\$5.0 million), net proceeds from the Rights Issue (S\$9.2 million) and a bank loan for Mandurah project (S\$0.7 million). Arising from the issuance of Exchangeable Notes, the Group had recorded an embedded financial derivative liability of S\$5.9 million due to the revaluation of the exchange rights held by holders of Exchangeable Notes.

The Group also received a S\$3.0 million interest-free loan from a former director to fund CIPL prior to its disposal. S\$1.5 million of this loan had since been set off against certain obligations by the former director under the disposal of CIPL.

The Group's net equity attributable to the owners of the Company increased by S\$33.6 million to S\$21.8 million as at 31 December 2014 (an improvement compared to a capital deficiency of S\$11.8 million as at 31 December 2013). The increase was due mainly to new share capital from the exercises of Bonus and Piggyback Warrants and issuance of Rights Shares.

Taking into account the proceeds from the exercises of Bonus and Piggyback Warrants; issuance of Right Shares and de-recognition of net liabilities of CIPL upon its disposal, the Group reversed from a net working capital deficiency of S\$14.2 million as at 31 December 2013 to a positive net working capital of S\$24.8 million as at 31 December 2014.

5. Cash Flow Statements

The summary of the audited cash flow statement of the Group for FY2013, FY2014, FY2015, HY2015 and HY2016 are set out below:

Consolidated Cash Flow Statement	HY2016 Unaudited S\$'000	HY2015 Unaudited S\$'000	FY2015 Audited S\$'000	FY2014 Audited S\$'000	FY2013 Restated S\$'000
Operating activities					
Loss before tax from continuing operations	(5,317)	(1,384)	(3,953)	(7,655)	(998)
Loss before tax from discontinued operation	–	(324)	186	(13,088)	(21,422)
Loss before tax, total	(5,317)	(1,708)	(3,767)	(20,743)	(22,420)
Adjustments for:-					
Depreciation of property, plant and equipment	66	25	72	311	1,297
(Gain) / loss on disposal of property, plant and equipment	–	–	–	(12)	604
Loss from early redemption of exchangeable note	392	–	–	–	–
Gain on disposal of a subsidiary	–	–	–	(19,170)	–
Net fair value adjustment on derivative	(466)	(2,141)	(4,833)	2,961	–
Grant of equity-settled share options to employees	149	162	312	237	–
Provision for doubtful debt	–	268	963	15,517	–

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Consolidated Cash Flow Statement	HY2016 Unaudited S\$'000	HY2015 Unaudited S\$'000	FY2015 Audited S\$'000	FY2014 Audited S\$'000	FY2013 Restated S\$'000
Prepaid listing expenses written off	–	(113)	(109)	468	–
Receivables written off	–	–	–	–	557
Provision for foreseeable losses on contract work-in-progress and legal claims	–	–	–	–	8,709
Litigation claim	–	–	(2,093)	–	–
Provision for claims	–	–	991	3,461	3,000
Notional interest expenses	–	–	–	–	251
Notional interest income	–	–	–	–	(180)
Impairment of intangible asset	–	–	98	–	–
Share of loss of an associate	291	–	156	–	–
Withholding tax expenses	548	527	1,117	356	–
Unrealised exchange loss	1,440	(307)	(1,531)	(412)	–
Finance costs	130	25	139	59	359
Finance income	–	(16)	(20)	–	(1)
Operating cash flows before changes in working capital	(2,767)	(3,278)	(8,505)	(16,967)	(7,824)
<u>Changes in working capital:-</u>					
Decrease / (increase) in trade and other receivables	1,319	(186)	(506)	(6,125)	(740)
Increase in prepaid operating expenses	(7)	55	(30)	(340)	(11)
(Increase)/decrease in gross amount due from customers for contract work-in-progress	–	–	–	(7,350)	167
Increase in properties under development	(2,535)	(2,427)	(30,308)	(14,365)	–
Increase in properties held for sales	(396)	(1,902)	(1,844)	–	–
Increase in investment securities	(4)	–	(21)	–	–
Increase in deposit paid for properties	–	(2,019)	–	–	–
Increase in trade and other payables	403	(1,778)	6,504	10,009	6,058
Cash flows used in operations	(3,987)	(11,535)	(34,710)	(35,138)	(2,350)
Interest received	25	16	20	–	1
Interest paid	(1,697)	(900)	(2,235)	(1,934)	(359)
Net cash flows used in operating activities	(5,659)	(12,419)	(36,925)	(37,072)	(2,708)

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Consolidated Cash Flow Statement	HY2016 Unaudited S\$'000	HY2015 Unaudited S\$'000	FY2015 Audited S\$'000	FY2014 Audited S\$'000	FY2013 Restated S\$'000
Investing activities					
Purchase of property, plant and equipment	(82)	(55)	(303)	(135)	(357)
Investment in an associate	(415)	–	(433)	–	–
Proceeds from disposal of plant and equipment	–	–	–	27	1,155
Net cash outflow on acquisition of subsidiaries	–	–	–	(416)	–
Decrease in cash and cash equivalent on disposal of a subsidiary	–	–	–	(227)	–
Net cash flows (used in) / from investing activities	(497)	(55)	(736)	(751)	798
Financing activities					
Proceeds from loans and borrowings	802	–	4,636	11,533	14,545
Proceeds from issuance of new ordinary shares	7,020	–	1,215	51,992	7,058
(Repayment of) / proceeds from issuance of exchangeable notes	(5,000)	–	–	4,000	–
Advance from directors	2,500	–	–	–	1,000
Proceeds from loans from directors / shareholder	–	–	14,860	3,000	–
(Repayment of) / proceeds from issuance of private-participation bond	(1,348)	2,692	2,830	–	–
Proceeds from prepayment of private placement	–	1,215	–	–	–
Proceeds from issuance of shares to minority interest	–	–	3,538	–	–
Repayments of loans and borrowings	–	–	–	(8,649)	(17,623)
Repayments of obligations under finance lease	–	–	–	(116)	(1,639)
(Increase) / decrease in deposits pledged	–	–	(3,436)	(41)	1,007
Share issuance expenses	(177)	–	(53)	(442)	(814)
Net cash generated from financing activities	3,797	3,907	23,590	61,277	3,534

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

FY2013		HY2016	HY2015	FY2015	FY2014
Consolidated Cash Flow Statement	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000	Audited S\$'000	Restated S\$'000
Net (decrease) / increase in cash and cash equivalents	(2,359)	(8,567)	(14,071)	23,454	1,624
Effect of exchange rate changes on cash and cash equivalents	158	–	10	27	–
Cash and cash equivalents at beginning of financial period	7,123	21,184	21,184	(2,297)	(3,921)
Cash and cash equivalents at end of financial period	4,922	12,617	7,123	21,184	(2,297)
Note A					
Cash and cash equivalents comprised fixed deposit and cash and bank balances:	4,922	12,617	7,123	21,528	2,184
Less: Bank deposits pledged	–	–	–	(344)	(1,313)
Less: Bank overdrafts	–	–	–	–	(3,168)
Cash and cash equivalents	4,922	12,617	7,123	21,184	(2,297)

6. Cash Flow Review

A review of the cash flow position of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 is set out below.

HY2016

Cash and cash equivalents decreased by S\$2.2 million to S\$4.9 million in HY2016 from S\$7.1 million in HY2015.

Net cash used in operating activities amounted to S\$5.7 million in HY2016 as compared to S\$12.4 million in HY2015. The group had a net cash outflow of S\$2.8 million from its operating activities before changes in working capital. It mainly relates to the loss before tax of S\$5.3 million and the adjustments of the non-cash items including S\$1.4 million foreign exchange loss due to the depreciation of US dollar.

The change in working capital of S\$1.2 million is mainly due to the S\$2.5 million increase in properties under development offset by the increase in trade and other receivables amounting to S\$1.3 million.

The increase in interest payment is mainly due to S\$1.1 million paid for the early redemption of the exchangeable note.

Net cash used in investing activities amounted to S\$0.5 million due to purchase of fixed assets of S\$0.1 million and additional investment amounting to S\$0.4 million in an associate (FanssMORE).

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

Net cash from financing activities for HY2016 amounted to S\$3.8 million due to:

- (i) the issuance of new ordinary shares to HBD amounting to S\$7.0 million offset by its issuance expenses amounting to S\$0.2 million,
- (ii) advances made by a Director (Mr Chan Heng Fai) amounting to S\$2.5 million and
- (iii) the drawdown of loans in relation to construction activities in Development Projects of S\$0.8 million, offset by the repayment of a private bond amounting to US\$1.0 million (approximately S\$1.3 million) and the redemption of the Exchangeable Notes amounting to S\$5.0 million.

FY2015

Net cash used in operating activities in FY2015 was S\$36.9 million. Operating activities before changes in working capital used S\$8.5 million in cash due mainly to payment of software development by HotApp and Corporate Head Office expenses.

Changes in net working capital of S\$26.2 million was principally S\$30.3 million deployed for the Group's various property development projects and S\$2.5 million paid in connection to indemnities for called performance bonds offset by receipt of S\$8.3 million in deposits from builders and other changes in working capital.

In investing activities, the Group invested S\$0.4 million for a 19%-stake in FanssMORE and S\$0.3 million in additional computer equipment and a motor vehicle during the year.

Net cash generated from financing activities amounted to S\$23.6 million due mainly to net proceeds from borrowings of approximately S\$22.3 million; issuance of ordinary shares S\$1.2 million; and issuance of equity units to minority interest amounting to S\$3.5 million in relation to Ballenger Run project, partly offset by increase in restricted cash of approximately S\$3.4 million.

Given the above, the Group's cash and cash equivalents decreased by S\$14.1 million to S\$7.1 million as at 31 December 2015, compared to a balance of S\$21.2 million as at 31 December 2014.

FY2014

Net cash used in operating activities in FY2014 amounted to S\$37.1 million, mainly due to cash used in operations after adjusting for non-cash items of S\$17.0 million, increase in trade and other receivables of S\$6.1 million, increase in prepaid operating expenses of S\$0.3, increase in gross amount due from customers for contract work-in-progress in excess of progress billings of S\$7.4 million, increase in properties under development of S\$16.2 million and offset by an increase in trade and other payables of S\$10.0 million.

Net cash used in investing activities were S\$0.7 million which was principally due to a decrease in cash and cash equivalents relating to the disposal of CIPL and acquisition of subsidiaries.

Net cash utilised in operating and investing activities were funded by net cash generated from financing activities amounting to S\$61.3 million in FY2014. 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 totaling S\$70.5 million. This amount was offset by repayments of borrowings and obligations under finance lease of S\$8.8 million.

Given the above, the Group's cash and cash equivalents improved by S\$23.5 million to a positive balance of S\$21.2 million as at 31 December 2014 from a deficit of S\$2.3 million as at 31 December 2013.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

FY2013

The Group had an operating cash outflow of S\$2.7 million in FY2013 which was mainly attributable to negative operating cash flows before working capital changes of S\$7.8 million, an increase in trade and other receivables of S\$0.7 million, a reduction in construction work-in-progress in excess of progress billings of S\$0.2 million, offset by an increase in other liabilities of S\$0.3 million and an increase in trade and other payables of S\$5.7 million.

Net cash generated from financing activities of S\$3.5 million in FY2013 was mainly attributable to proceeds from loans and borrowings of S\$14.5 million to finance new main building works contracts awarded, uplift of a bank deposits pledged of S\$1.0 million, which was in line with the full settlement of a term loan with Standard Chartered Bank and proceeds from issuance of new Shares of S\$7.0 million in FY2013, which was mainly offset by share issuance expenses of S\$0.8 million, repayments of loans and borrowings of S\$17.6 million and repayments of finance lease obligations of S\$1.6 million.

7. Working Capital Position

A summary of working capitals of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 is set out below:

	Unaudited		Audited		
	As at 30 June 2016 (S\$'000)	As at 30 June 2015 (S\$'000)	As at 31 December 2015 (S\$'000)	As at 31 December 2014 (S\$'000)	As at 31 December 2013 (S\$'000)
Current assets					
Cash and cash equivalents	8,503	14,636	10,875	21,528	2,184
Trade and other receivables	1,093	341	6,511	479	15,618
Gross amount due from customers for work-in-progress	–	–	–	–	3,331
Properties under development	56,165	19,964	52,565	17,278	–
Properties held for sale	2,215	–	1,819	–	–
Inventory	–	2,273	–	–	–
Investment securities	25	–	21	–	–
	68,001	37,214	71,791	39,285	21,133
Current liabilities					
Provision for claims	812	1,761	812	3,461	3,000
Trade and other payables	12,874	3,126	14,755	3,517	26,362
Derivatives	–	3,302	1,036	5,869	–
Loans and borrowings	29,649	2,172	28,473	1,609	5,973
	43,335	10,361	45,076	14,456	35,335
Working capital	24,666	26,853	26,715	24,829	(14,202)

A review of the working capital of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 is set out below:

As at 30 June 2016 compared with 31 December 2015

The decrease of S\$2.0 million in working capital relates to the decrease in current assets and current liabilities amounting to S\$3.7 million and S\$1.7 million respectively.

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP

The current assets movement relates to the decrease in cash and cash equivalents of S\$2.2 million and the decrease in trade and other receivable of S\$5.4 million, offset by the increase in Properties under development for the amount of S\$3.6 million and the increase in properties held for sale of S\$0.3 million.

The current liabilities movement relates to the decrease in payables and accrued operating expenses amounting to S\$1.9 million and the decrease in derivative liability of S\$1 million, offset by the increase in loan and borrowings of S\$1.2 million.

As at 31 December 2015 compared with 31 December 2014

The Group's working capital was increased by approximately S\$1.9 million to S\$26.7 million in FY2015 from S\$24.8 million in FY2014, this was mainly due to the increase in property under development of approximately S\$35.3 million, properties held for sale of approximately S\$1.8 million and trade and other receivables of approximately S\$6.0 million and a decrease in cash on hand and at bank of approximately S\$10.7 million and an increased in current liabilities of approximately S\$30.6 million which was mainly due to the increase of loans and borrowing of approximately S\$26.9 million, trade and other payables of S\$11.2 million which was partially offset by a decrease in provision for claims of approximately S\$2.6 million and derivatives of approximately S\$4.8 million.

As at 31 December 2014 compared with 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 (S\$ million)	CCM Industrial	Group (excl. CCM Industrial)	Consolidated Balance
Trade and other receivables and gross amount due from customers for contract work-in-progress totalling	18.4	0.5	18.9
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	(25.1)	(1.3)	(26.4)
Loans from directors	(0.8)	(1.0)	(1.8)
Loans and borrowings	(5.9)	(0.1)	(6.0)
Total	(14.7)	(1.4)	(16.1)

In addition to the above changes, the Group's financial position as at 31 December 2014 was due to the following:

- (a) Trade receivable arose from those contracts undertaken by **SCPL** in collaboration with Hauslab Group under a heads of agreement announced by the Company on 10 April 2014.
- (b) Properties under development

The Group's properties under development at S\$17.3 million which comprised land purchase costs, project financing cost (which had been capitalised), project management and development costs in relation to land development projects in Black Oak in Houston, USA and Mandurah, Western Australia.

LETTER TO SHAREHOLDERS

(c) Provision for claims of S\$3.5 million as at 31 December 2014 represented a 50% provision recorded for the corporate indemnities previously provided to the since-disposed CIPL.

(d) Loans and borrowings

The Group's property development businesses were mainly funded by Exchangeable Notes (S\$5.0 million), net proceeds from the 2014 Rights Issue (S\$9.2 million) and a bank loan for Mandurah project (S\$0.7 million). Arising from the issuance of Exchangeable Notes, the Group had recorded an embedded financial derivative liability of S\$5.9 million due to revaluation of exchangeable rights held by the holders of the Exchangeable Notes.

The Group also received a S\$3 million interest free loan from a former director to fund CIPL prior to its disposal. S\$1.5 million of this loan had since been set off against certain obligations by the former director under the disposal of CIPL.

(e) Cash and cash equivalents

The increase of cash balances of S\$21.2 million was mainly from the net cash of S\$61.3 million raised via issuance of new shares pursuant to the exercise of Bonus Warrants, Piggyback Warrants, issuance of Exchangeable Notes, 2014 Rights Issue and proceeds from other borrowings. The balance as at 31 December 2014 represented the residual cash balances after taking into account of net cash used in operating activities (S\$37.0 million) and investing activities (S\$0.8 million).

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

31 August 2016

To: The Recommending Directors of Singapore eDevelopment Limited
(deemed to be independent in respect of the Proposed Whitewash Resolution)

Mr Basil Chan	(Independent & Non-Executive Chairman)
Mr Tao Yeoh Chi	(Independent & Non-Executive Director)
Mr Chan Yu Meng	(Independent & Non-Executive Director)

Dear Sirs,

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF SINGAPORE EDEVELOPMENT LIMITED NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 31 August 2016 (“Circular”).

1. INTRODUCTION

1.1 On 27 June 2016 (“**Announcement Date**”), Singapore eDevelopment Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced (“**Announcement**”) that it is proposing, *inter alia*, to undertake a renounceable non-underwritten rights cum warrants issue (“**Rights cum Warrants Issue**”) which may involve an issue of an aggregate of up to 983,330,850 new ordinary shares in the capital of the Company (“**Shares**”), comprising:

- (a) up to 163,888,475 new Shares (“**Rights Shares**”) at the issue price of S\$0.04 (“**Issue Price**”) for each Rights Share, on the basis of one Rights Share for every three Shares held by Shareholders; and
- (b) up to 819,442,375 free detachable warrants (“**Warrants**”) carrying the right to subscribe for one new Share (“**Exercised Share**”) at the exercise price of S\$0.04 (“**Exercise Price**”) for each Share, on the basis of five Warrants for every one Rights Share subscribed for under the Rights cum Warrants Issue. These Warrants can be exercised within five years from the date of issue of the Warrants.

The Rights cum Warrants Issue is subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting of the Company (“**EGM**”) to be convened.

1.2 As at the Latest Practicable Date, the Company has an existing issued share capital comprising 417,295,850 Shares and outstanding 59,531,652 Bonus Warrants, 9,333,224 Piggyback Warrants and 2,918,667 Options (collectively, “**Convertibles**”).

Mr Chan Heng Fai (“**Mr Chan**”) is the Executive Director, Chief Executive Officer and the controlling shareholder of the Company. As at the Latest Practicable Date, Mr Chan and his wholly-owned company, Hengfai Business Development Pte. Ltd. (“**HBD**”), a Singapore incorporated company, (“**Concert Party Group**”) own and control an aggregate of 202,000,000

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

Shares, representing approximately 48.4% of the total number of issued Shares of 417,295,850 as at the Latest Practicable Date.

The Concert Party Group also owns the following Bonus Warrants, Piggyback Warrants and Options which are exercisable into new Shares:

- (a) 25,904,781 Bonus Warrants which are listed on the SGX-Catalist and exercisable into new Shares at any time by 30 December 2016. Upon the exercise of these Bonus Warrants, additional Piggyback Warrants will be issued on the basis of one Piggyback Warrant for every Bonus Warrant exercised;
- (b) 2,217,391 Piggyback Warrants which are unlisted and exercisable into new Shares at any time by 30 December 2016; and
- (c) 1,061,333 Options which were granted to Mr Chan pursuant to the employee share option scheme of the Company which are vested and exercisable between 31 December 2015 and 31 December 2023 (“**Options**”).

In connection with the Rights Issue, the Concert Party Group had on 19 August 2016, given their irrevocable undertakings to, *inter alia*, apply and subscribe for and/or procure applications and subscriptions for their respective *pro rata* entitlements for 67,333,333 Rights Shares with Warrants and up to 71,765,284 Excess Rights Shares with Warrants, totalling 139,098,617 Rights Shares with Warrants (“**Irrevocable Undertakings**”).

In addition, the Concert Party Group had given their irrevocable undertakings to not exercise any of their Bonus Warrants, Piggyback Warrants or Options in order to participate in the Rights cum Warrants Issue. The other Directors, namely Mr Basil Chan, Mr Tao Yeoh Chi and Mr Chan Yu Meng, who hold, in aggregate, 1,857,334 Options, had each also given their irrevocable undertakings to the Company that they will not be exercising any of their Options for the purpose of the Rights cum Warrants Issue.

- 1.3** Based on the Company’s existing 417,295,850 issued Shares and assuming none of the Convertibles are exercised to participate in the Rights cum Warrants Issue, up to 139,098,617 Rights Shares with Warrants may be issued based on the Rights cum Warrants Issue ratio of one Rights Share for every three Shares held. In view of the Irrevocable Undertakings, the Rights cum Warrants Issue will accordingly be subscribed in full.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (when taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% voting rights (“**Mandatory Offer Thresholds**”), he is required to make a mandatory general offer for all the shares in the company which he does not already own or control (“**Mandatory Offer**”).

In view of the Irrevocable Undertakings, the Concert Party Group may trigger the above Mandatory Offer Thresholds. Accordingly, the Company had sought the approval of the Securities Industry Council (“**SIC**”) to grant the Proposed Whitewash Waiver to waive the obligation of the Concert Party Group to make a Mandatory Offer as a result of its subscription of Rights Shares and the exercise of the Warrants into the Exercised Shares.

On 5 August 2016, the SIC granted the Proposed Whitewash Waiver to the Concert Party Group subject to the satisfaction of certain conditions including, *inter alia*, (i) the approval of the Proposed Whitewash Resolution by a majority of the independent shareholders of the Company (“**Independent Shareholders**”) voting by way of a poll at the EGM; and (ii) the appointment of an independent financial adviser (“**IFA**”) to advise the Independent Shareholders on the Proposed Whitewash Resolution.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

Accordingly, Provenance Capital Pte. Ltd. (“**Provenance Capital**”) has been appointed by the Company as the IFA to advise the Directors who are deemed to be independent in respect of the Proposed Whitewash Resolution. Mr Chan Tung Moe, the Executive Director of the Company and son of Mr Chan, is deemed to be a party acting in concert with the Concert Party Group. Mr Chan Tung Moe does not own any Shares or convertible securities of the Company.

Save for Mr Chan and Mr Chan Tung Moe, who will both abstain from making any recommendation as Directors on the Proposed Whitewash Resolution, the remaining Directors, namely, Mr Basil Chan, Mr Tao Yeoh Chi and Mr Chan Yu Meng are deemed independent directors with respect to the Proposed Whitewash Resolution (“**Recommending Directors**”).

- 1.4 It should be noted the passing of the ordinary resolutions for the Rights cum Warrants Issue and the Proposed Whitewash Resolution are inter-conditional upon each other. If either of these resolutions is not passed, the Company will not proceed with the Rights cum Warrants Issue.
- 1.5 This letter (“**Letter**”) is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Whitewash Resolution. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Rights cum Warrants Issue, the Proposed Whitewash Resolution and the recommendation of the Recommending Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Recommending Directors in respect of the Proposed Whitewash Resolution. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Rights cum Warrants Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Rights cum Warrants Issue or to obtain the approval of the Independent Shareholders for the Rights cum Warrants Issue and/or the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Rights cum Warrants Issue and/or the Proposed Whitewash Resolution other than to express an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Rights cum Warrants Issue.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Rights cum Warrants Issue and/or the Proposed Whitewash Resolution or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

with the Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 22 August 2016, being the Latest Practicable Date as referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Rights cum Warrants Issue. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Takeover Code and/or the SGX-ST Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the completion of the Rights cum Warrants Issue or if the Rights cum Warrants Issue is not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our view as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Rights cum Warrants Issue and/or the Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of the Independent Shareholders. As each Independent Shareholder would have different investment objectives

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

and profiles, we recommend that any individual Independent Shareholder or group of Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Whitewash Resolution at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Recommending Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to the Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution remain the sole responsibility of the Recommending Directors.

Our recommendation in relation to the Proposed Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.

For disclosure purposes, we wish to state that we had recently acted as the IFA to the independent directors of the Company in relation to (i) the proposed whitewash resolution in connection with the Company's proposed rights cum warrants issue in November 2015, which was eventually aborted as the Company did not receive the requisite Shareholders' approval; and (ii) the whitewash resolution in connection with the Company's share placement in May 2016 which was completed successfully.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company is listed on the SGX-Catalist. On 14 April 2014, Mr Chan Heng Fai took over as the Chief Executive Officer ("CEO") of the Company, embarked on various fund raising exercises and restructuring of the Group including the disposal of the Group's legacy construction business, and changed the name of the Company to Singapore eDevelopment Limited on 5 August 2014.

Under its new corporate identity, the Group is involved in (i) international property development; (ii) information technology related businesses; and (iii) capital markets services.

The Company had undertaken various fund raising exercises including the rights issue of Bonus Warrants and Piggyback Warrants in January 2014 which raised S\$11 million, the Exchangeable Notes issue in February 2014 which raised S\$5 million, the rights issue of Shares in September 2014 which raised S\$40 million, a private bond placement in May 2015 which raised US\$2 million, a share placement in July 2015 which raised S\$1 million and another share placement in May 2016 which raised S\$7 million to redeem the Exchangeable Notes. As the single largest Shareholder and the CEO of the Company, Mr Chan has played an instrumental role in providing the necessary funding to the Group, including most of the above fund raising exercises and an interest-free loan facility to the Company through HBD in August 2015.

Most of the proceeds raised by the Company in its previous fund raising exercises have been utilised. While the Company has significant outstanding Bonus Warrants and Piggyback

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

Warrants, the Company does not expect further funds to be raised from the exercise of these Convertibles as the exercise prices of these Convertibles are out-of-money, being substantially higher than the current market Share prices. The Company had attempted to but failed to obtain Shareholders' approval for a proposed rights cum warrants issue at the EGM held in November 2015.

In view of the above and the expected funding needs for, *inter alia*, the Group's property development projects, the Company intends to carry out the Rights cum Warrants Issue.

Details of these fund raising exercises are disclosed in Section 2.8 of the Circular.

As at the Latest Practicable Date, based on the outstanding number of Shares of 417,295,850 and last traded price of S\$0.026, the market capitalisation of the Company is S\$10.85 million.

3.2 Key financial information of the Group

For the last three financial years ended 31 December 2015 ("FY2015"), the Group had reported losses, no revenue for FY2013 and FY2014 and minimal revenue in FY2015 which was contributed mainly by the Group's property development business.

The significant losses amounting to S\$22.42 million and S\$20.74 million in FY2013 and FY2014 respectively were due mainly to the losses from discontinued operation of its legacy construction activities in Singapore.

For FY2015, the Group recorded revenue of S\$4.34 million from its property development business, while the information technology and investment businesses have yet to generate any revenue. The Group reported a lower loss after tax from continuing operations of S\$3.57 million as a result of higher other income of S\$6.37 million recognised during FY2015.

As at 31 December 2015, the net asset value ("NAV") of the Group of S\$20.42 million is the same as its net tangible assets ("NTA") as the Group does not have any intangible assets. The NAV/NTA per Share was S\$0.0680 based on the then number of issued Shares of 300,295,850. As the borrowings of the Group were high, the Company took measures to reduce the gearing including the partial redemption of the private bonds in March 2016 and the redemption of the Exchangeable Notes which was funded by the share placement in May 2016. The financial statements of the Group for FY2015 were prepared on a going concern basis after taking into consideration, among other things, the share placement in May 2016 and the financial support from HBD.

The above is a summary of the financial highlights of the Group from FY2013 to FY2015. A more detailed analysis of the Group's key financial information from FY2013 to FY2015 is set out in our recent IFA letter which was incorporated in the circular to Shareholders dated 14 April 2016 in connection with the whitewash waiver arising from the Company's proposed share placement to HBD to redeem the Exchangeable Notes.

The Company announced its half year results ended 30 June 2016 ("HY2016") on 12 August 2016.

A summary of the unaudited financial performance of the Group for HY2016 and the corresponding period for HY2015 is set out below:

S\$'000	HY2015	HY2016
Revenue	3,365	893
Gross profit	816	179
Other income	2,464	490

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

S\$'000	HY2015	HY2016
Loss from continuing operations after income tax	(1,384)	(5,317)
Loss from discontinued operation after income tax	(324)	-
Loss after income tax	(1,708)	(5,317)
Loss attributable to owners of the Company		
– From continuing operations	(1,353)	(5,285)
– From discontinued operation	(324)	-
	(1,677)	(5,285)
Non-controlling interests	(31)	(32)
	(1,708)	(5,317)

Source: Company's results announcement for HY2016

For HY2016, the Group recorded a decline in revenue of 73.5% from S\$3.37 million in HY2015 to S\$0.89 million from its property development business. As a result, gross profit also declined accordingly from S\$0.82 million in HY2015 to S\$0.18 million in HY2016.

Other income was S\$0.49 million in HY2016 which was due to the fair value gain as a result of the redemption of the Exchangeable Notes. In HY2015, other income of S\$2.46 million was due mainly to the fair value adjustment of the derivative for the exchange rights on the Exchangeable Notes.

The Group reported higher loss after tax from continuing operations of S\$5.32 million in HY2016 compared to S\$1.38 million in HY2015 due mainly to lower revenue, lower gross profit, lower other income and higher operating expenses. Overall, operating expenses increased by S\$0.92 million. In particular, the higher operating expenses was due mainly to the loss from early redemption of the Exchangeable Notes and the unrealised foreign exchange losses of S\$1.4 million arising from depreciation of the US\$ on the US\$ based loans to the Group's property development operations in the United States.

The unaudited financial position of the Group as at 30 June 2016 is set out below:

S\$'000	Unaudited As at 30 June 2016
<u>Non-current assets</u>	
Property, plant and equipment	363
Investment in associate	401
Total non-current assets	764
<u>Current assets</u>	
Trade and other receivables	875
Prepaid operating expenses	218
Properties under development	56,165
Properties held for sale	2,215
Investment securities	25
Cash in escrow	3,581
Cash and bank balances	4,922
Total current assets	68,001
Total assets	68,765
<u>Current liabilities</u>	
Provision for claims	812
Trade and other payables	9,313
Accrued operating expenses	3,561
Loans and borrowings	29,649
Total current liabilities	43,335
Total liabilities	43,335

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

S\$'000	Unaudited As at 30 June 2016
Equity attributable to the owners of the Company	
Share capital	75,364
Other reserves	1,197
Retained earnings/(Accumulated losses)	(54,368)
	22,193
Non-controlling interests	3,237
Total equity	25,430
NAV/NTA of the Group	S\$22,193,000
Number of issued Shares	417,295,850
NTA per Share	S\$0.0532

Source: Company's results announcement for HY2016

As at 30 June 2016, the assets of the Group totalling S\$68.8 million comprised mainly properties under development of S\$56.2 million (81.7% of total assets), and bank deposits and cash balances (including cash in escrow) of S\$8.5 million (12.4% of total assets).

The total liabilities of the Group of S\$43.3 million comprised mainly loans and borrowings totalling S\$29.6 million (68.4% of total liabilities). The loans and borrowings as at 30 June 2016 include:

- (a) the HBD Loan of an outstanding amount of S\$14.2 million which is unsecured, interest-free and repayable in full before 31 December 2016;
- (b) outstanding construction and related loans for the property development business totalling S\$11.5 million;
- (c) the Bond of an outstanding amount of US\$1 million (S\$1.4 million), which the Company has received written notice to redeem by 23 November 2016; and
- (d) an advance payment of S\$2.5 million ("**Advance**" or "**Advances**") by Mr Chan in respect of the amounts payable by the Concert Party Group for the subscription of their respective *pro rata* entitlements under the Rights cum Warrants Issue. The Advance will be set off against the amounts payable by the Concert Party Group in respect of the subscription of their Rights Shares with Warrants if the Rights cum Warrants Issue is completed.

Equity attributable to the owners of the Company increased by S\$1.8 million from S\$20.4 million as at 31 Dec 2015 to S\$22.2 million as at 30 June 2016. The increase was due mainly to the issuance of new shares pursuant to the share placement in May 2016 which raised gross proceeds of S\$7.02 million. However, this was partially offset by losses of S\$5.3 million incurred during HY2016.

The NAV/NTA of the Group as at 30 June 2016 is S\$22.19 million and the NAV/NTA per Share is S\$0.0532 based on 417,295,850 Shares in issue as at 30 June 2016.

4. SALIENT TERMS OF THE RIGHTS CUM WARRANTS ISSUE

4.1 The detailed terms of the Rights cum Warrants Issue, the principal terms of the Rights Shares and the Warrants are set out in Sections 2.2 to 2.7 of the Circular. The salient terms of the Rights cum Warrants Issue which is on a renounceable and non-underwritten basis are as follows:

- (a) one Rights Share for every three existing Shares held by entitled Shareholders as at the books closure date at the Issue Price of S\$0.04 for each Rights Share, payable in full on acceptance and/or application; and

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

- (b) five free detachable Warrants with every one Rights Share subscribed, with each Warrant carrying the right to subscribe for one new Share at the exercise price of S\$0.04 for each new Share at any time during the exercise period of five years from the date of issue of the Warrants.

The Issue Price of S\$0.04 per Rights Share represents a premium of approximately 29.0% above the last transacted Share price of S\$0.031 on the Announcement Date, and a premium of approximately 20.3% above the theoretical ex-rights price (“**Theoretical Ex-Rights Price**”) of S\$0.03325 per Share.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form, subject to the terms and conditions to be set out in the Deed Poll, including the adjustment formulae to the Exercise Price and the number of the Warrants under various circumstances which include consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues and certain capital distributions.

The Exercised Shares will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the record date for which falls before the date of exercise of the Warrants.

As disclosed in Section 2.5 of the Circular, it should be noted that the Warrants will not be listed and traded on the SGX-ST.

The Company has made an application through its Sponsor, to the SGX-ST for the listing and quotation of the Rights Shares and the Exercised Shares. As the Warrants will not be listed and traded on the SGX-ST, the Company will not be making an application for the listing and quotation of the Warrants.

Shareholders should take note of any announcements which may be made by the Company with regards to the SGX-ST’s approval for the listing and quotation for the Rights Shares and the Exercised Shares.

As disclosed in Section 2.5 of the Circular, the Company had explained that the rationale for not making an application for the listing and quotation of the Warrants is that having the Warrants listed and tradeable on the SGX-ST in addition to the outstanding Bonus Warrants and Piggyback Warrants may have a material impact on the trading liquidity of the Shares.

Accordingly, Shareholders should take note that they will not be able to trade their Warrants on the SGX-ST. To realise their investments in the Warrants, holders of the Warrants will have to exercise the Warrants into the Exercised Shares which will be listed and quoted on the SGX-ST.

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the offer information statement (including the accompanying application forms) (“**OIS**”) to be despatched to the Shareholders in due course, subject to, *inter alia*, the approval from Shareholders for the Proposed Rights cum Warrants and the Proposed Whitewash Waiver at the EGM.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

4.2 The Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (i) Shareholders' approval for the Rights cum Warrants Issue and the Proposed Whitewash Waiver at the EGM;
- (ii) SGX-ST's approval in-principle for the listing and quotation of the Rights Shares and the Exercised Shares on the SGX-Catalist. The Company had stated in Section 2.5 of the Circular that the Warrants will **NOT** be listed and traded on the SGX-ST; and
- (iii) the lodgement of the OIS, together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore ("**MAS**").

4.3 The Company is cognizant of the failed attempt in the previous proposed rights cum warrants issue in November 2015 and hence the terms of the Rights cum Warrants Issue are structured differently from the rights issue in November 2015. A comparison of some of the key terms of the rights issue in 2015 and the Rights cum Warrants Issue is summarised in the table below for ease of reference:

	Aborted rights cum warrants issue in 2015	Proposed Rights cum Warrants Issue
Basis of rights issue	Five rights shares for every one Share held One free warrant with every one rights share subscribed	One Rights Share for every three Shares held Five free Warrants for every one Rights Share subscribed
Issue price for the rights shares	S\$0.03, representing a <u>discount</u> of approximately 63.9% to the last transacted Share price of S\$0.083 prior to the release of the announcement of the rights issue	S\$0.04, representing a <u>premium</u> of approximately 29.0% above the last transacted Share price of S\$0.031 prior to the release of the announcement of the Rights cum Warrants Issue
Theoretical Ex-Rights Price	S\$0.038	S\$0.033
Premium / (discount) to the Theoretical Ex-Rights Price	(22.7%)	20.3%
Listing status of the rights shares and exercised shares	Listed	Listed
Listing status of warrants	Listed	Unlisted
Exercise price of the warrants	S\$0.03	S\$0.04
Exercise period of the warrants	Five years	Five years
Irrevocable undertaking provided by Concert Party Group	The Concert Party Group who held an aggregate interest of 85,000,000 Shares, representing 28.3% of the total number of issued Shares, gave an irrevocable undertaking to apply and subscribe for 245,000,000 rights shares with warrants, representing 57.6% of the Concert Party Group's <i>pro rata</i> entitlement	The Concert Party Group who hold an aggregate interest of 202,000,000 Shares, representing 48.4% of the total number of issued Shares, gave irrevocable undertakings to apply and subscribe for 67,333,333 Rights Shares with Warrants (representing the Concert Party Group's full <i>pro rata</i> entitlement), and up to 71,765,284 Excess Rights Shares with Warrants.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

		Assuming none of the Company's outstanding Convertibles are exercised into Shares to participate in the Rights cum Warrants Issue, the Rights cum Warrants Issue will be fully subscribed as a result of the undertakings by the Concert Party Group.
Gross proceeds from the rights shares based on the issued share capital of the Company	S\$45.04 million	S\$5.56 million

5. IRREVOCABLE UNDERTAKINGS & ADVANCES

5.1 Irrevocable Undertakings

As at the Latest Practicable Date, the Concert Party Group collectively holds 202.0 million Shares, representing approximately 48.4% of the issued share capital of the Company. The Concert Party Group has, subject to certain conditions, irrevocably undertaken to the Company to, *inter alia*:

- (a) apply and subscribe for and/or procure applications and subscriptions for their respective *pro rata* entitlements and pay for and/or procure the payment for 67,333,333 Rights Shares with Warrants, and up to 71,765,284 Excess Rights Shares with Warrants under the Rights cum Warrants Issue; and
- (b) ensure that it shall not, without the prior written consent of the Company, sell, transfer or otherwise dispose of all or any of its legal or beneficial interest in the Shares that it currently legally and beneficially owns prior to the books closure date.

5.2 Conditions of the Irrevocable Undertakings

The Irrevocable Undertakings are conditional upon, *inter alia*, the following:

- (a) the Proposed Whitewash Waiver to be sought from the SIC not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue;
- (b) the Rights cum Warrants Issue being approved by Shareholders at the EGM;
- (c) the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM;
- (d) SGX-ST's approval in-principle for the listing and quotation of the Rights Shares and the Exercised Shares; and
- (e) the lodgement of the OIS with the SGX-ST acting as agent on behalf of the MAS.

5.3 Advances

In connection with the Rights cum Warrants Issue, the Concert Party Group had, on 30 June 2016, made an Advance of S\$2.5 million in respect of the amounts payable by each of them for the subscription of their respective *pro rata* entitlements under the Rights cum Warrants Issue. The Advance will be set off against the amounts payable by the Undertaking Shareholders in respect of the subscription of their Rights Shares with Warrants.

The above Advance is separate from the loan facility provided to the Company through HBD.

Subsequent to the Latest Practicable Date, the Concert Party Group had confirmed that it had made an additional S\$3.06 million Advance to the Company which represents the balance of

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

the amount payable under their Irrevocable Undertakings. As at the date of this IFA Letter, the total amount of Advances made by the Concert Party Group in respect of their Irrevocable Undertakings is S\$5.56 million.

In the event that the Rights cum Warrants Issue does not proceed for whatever reason, the Company and the Concert Party Group will further negotiate on the method of repayment of the Advances, which may include but shall not be limited to repaying the Concert Party Group in cash and/or to capitalise the Advances and issue new Shares to the Concert Party Group (where such number of new Shares shall be determined based on the equivalent value, or to such extent possible the same terms, of any offering of securities pursuant to Chapter 8 of the Catalist Rules as may be undertaken by the Company at or around that point in time, and subject to the Concert Party Group's consent). In the event that new Shares are to be issued pursuant to the capitalisation of the Advances, approval from the SIC and/or Shareholders will be required.

In the event that the Advances exceed the subscription amount for the Rights Shares and Excess Rights Shares allotted to the Concert Party Group, the Company shall refund such excess amounts to the Concert Party Group in full in cash without interest.

6. THE WHITEWASH RESOLUTION

6.1 Mr Chan and HBD are parties acting in concert and have been defined as such as the Concert Party Group. As at the Latest Practicable Date, the Concert Party Group holds 202.0 million Shares, representing approximately 48.4% of the existing issued share capital of the Company. As disclosed in Section 1 of this Letter, the Concert Party Group also holds Convertibles which are convertible or exercisable into new Shares. However, for the purpose of the Rights cum Warrants Issue, the Concert Party Group has also irrevocably undertaken to the Company that it will not exercise or convert any of these securities into new Shares in order to participate in the Rights cum Warrants Issue.

There are scenarios where the subscription of the Rights Shares by the Concert Party Group may cross the Mandatory Offer Threshold which will result in the Concert Party Group being required to make a Mandatory Offer unless such requirement is waived by the SIC.

Accordingly, an application was made to the SIC for the Proposed Whitewash Waiver. The SIC had, on 5 August 2016, granted the Proposed Whitewash Waiver, subject to the satisfaction of certain conditions ("**SIC Conditions**"), including, *inter alia*, the following:

- (i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of Rights Shares and Warrants, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Concert Party Group;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Concert Party Group, parties acting in concert with them and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Concert Party Group and their concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (a) during the period between the Announcement Date and the date that Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

- (b) in the six months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (v) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in its circular to Shareholders:
 - (a) details of the Rights cum Warrants Issue;
 - (b) the possible dilution effect to existing holders of voting rights of the Company upon the subscription of the Rights Shares pursuant to the Irrevocable Undertakings and Exercised Shares (upon the exercise of the Warrants) by the Concert Party Group;
 - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Concert Party Group and their concert parties as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be issued to the Concert Party Group as a result of their subscription for the Rights Shares pursuant to the Irrevocable Undertakings and exercise of their Warrants;
 - (e) specific and prominent reference to the fact that the subscription of the Rights Shares and the exercise of the Warrants by the Concert Party Group may result in the Concert Party Group and their concert parties holding Shares carrying over 49% of the voting rights of the Company, and the fact that the Concert Party Group and their concert parties would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (f) that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Concert Party Group at the highest price paid by the Concert Party Group and their concert parties for Shares in the past six months preceding the commencement of the Rights cum Warrants Issue; and
 - (g) that Shareholders, by voting for the Proposed Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants acquired by the Concert Party Group pursuant to the Irrevocable Undertakings;
- (vii) the Circular by the Company to its Shareholders states that the waiver granted by the SIC to the Concert Party Group from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs (i) to (vi) above;
- (viii) the Concert Party Group obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution;
- (ix) to rely on the Proposed Whitewash Resolution, the acquisition of Rights Shares and Warrants under the Rights cum Warrants Issue by the Concert Party Group must be completed within three months of the approval of the Proposed Whitewash Resolution, and the acquisition of Exercised Shares by the Concert Party Group upon the exercise of the Warrants must be completed within five years of the date of issue of the Warrants; and

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

- (x) the Concert Party Group complying or procuring the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Code.

All the above conditions imposed by the SIC, except for the conditions in (i), (iii), (ix) and (x), have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 2 in the Notice of EGM included in the Circular.

The Recommending Directors should advise the Independent Shareholders that:

- (aa) **by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group in the six months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code;**
- (bb) **that the acquisition of the Rights Shares with Warrants by the Concert Party Group and acquisition of the new Shares by the Concert Party Group pursuant to the exercise of the Warrants might result in the Concert Party Group carrying over 49.0% of the voting rights of the Company based on its enlarged issued capital and that the Concert Party Group would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer; and**
- (cc) **by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2), they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.**

6.2 Inter-conditionality of the Rights cum Warrants Issue and the Proposed Whitewash Resolution

Independent Shareholders should note that the Rights cum Warrants Issue is conditional upon them voting in favour of the Proposed Whitewash Resolution. Hence, in the event that the Proposed Whitewash Resolution is not passed by the Independent Shareholders, the Rights cum Warrants Issue will not take place.

7. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Rights cum Warrants Issue and the use of proceeds;
- (b) the Rights Shares cum Warrants being offered to all entitled Shareholders on a *pro rata* basis;
- (c) assessment of the Issue Price of the Rights Shares and the terms of the Warrants;
- (d) financial effects of the Rights cum Warrants Issue;
- (e) dilution impact of the Rights cum Warrants Issue on the Independent Shareholders;
- (f) the Rights cum Warrants Issue being inter-conditional on the Proposed Whitewash Resolution; and

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

(g) support from the Concert Party Group for the Rights cum Warrants Issue.

7.1 Rationale for the Rights cum Warrants Issue and the use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Rights cum Warrants Issue or the future prospects of the Group after the Rights cum Warrants Issue. Nevertheless, we have reviewed the rationale for the Rights cum Warrants Issue. The full text of the rationale for the Rights cum Warrants Issue as set out in Section 2.8 of the Circular is reproduced in italics below:

“Save for proceeds from the Private Bond, proceeds raised by the Company in previous fund raising exercises have been fully utilised. In addition, the Company wishes to highlight that although there are a material number of piggyback warrants and bonus warrants outstanding as at the Latest Practicable Date, their exercises prices of S\$0.30 and S\$0.20 (after adjusting for the Company’s share consolidation exercise in November 2014) for each piggyback warrant and bonus warrant respectively are substantially higher than the current traded price of the Company’s shares. It is therefore highly unlikely that the Company will be able to raise further funds from the exercise of these outstanding piggyback warrants and bonus warrants.

The Company therefore intends to undertake the Proposed Rights cum Warrants Issue to fund the Group’s property development projects including the Black Oak Project, the Mandurah Project, the Ballenger Run project and other property related businesses as well as to fund the Group’s other businesses and for general working capital.”

The proceeds raised from the Rights cum Warrants Issue will primarily be used for the Group’s property development projects and information technology business. The amount of gross proceeds will vary depending on, *inter alia*, the total number of Rights Shares taken up and the extent of the exercise of the Warrants.

In view of the Irrevocable Undertakings, the Company could raise minimum gross proceeds of approximately S\$5.56 million from the subscription of the Rights Shares. In the event that all the Warrants issued are exercised, the Company could raise further gross proceeds of S\$27.82 million.

As disclosed in Section 5.3 of this Letter, the Concert Party Group had advanced in full the amount of S\$5.56 million pursuant to its Irrevocable Undertakings.

The use of the net proceeds from the Rights cum Warrants Issue is set out in Section 2.8 of the Circular.

Pending the deployment of the net proceeds, the net proceeds may be deposited with banks or other financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements and subsequently provide a status report in the Company’s half and full year financial statements issued under Rule 705 of the Catalist Rules and the Company’s annual report on the utilisation of the proceeds of the Rights cum Warrants Issue, as and when the proceeds from the Rights cum Warrants Issue are materially disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements and in the status reports.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

7.2 The Rights Shares cum Warrants being offered to entitled Shareholders on a *pro rata* basis

The Rights Shares cum Warrants are being offered on a *pro rata* basis to Entitled Shareholders who will get the right of first refusal to subscribe to the Rights Shares based on their provisional allotment of one Rights Share to every three Shares owned. Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares with Warrants and will be eligible to apply for Excess Rights Shares.

In the allotment of Excess Rights Shares, Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the board of the Company will be ranked last in priority for the rounding of odd lots and allotment of Excess Rights Shares. The Company will also not make any allotments and issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. Hence, the Independent Shareholders are not being prejudiced in the allocation of their application for the Excess Rights Shares.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form, subject to the terms and conditions of the Deed Poll. **The Warrants will, however, not be listed and traded on the SGX-ST.** As disclosed in Section 2.5 of the Circular and Section 4.1 of this Letter, the rationale for not making an application for the listing and quotation of the Warrants is that the Company is of the opinion that having the Warrants listed and tradeable on the SGX-ST in addition to the outstanding Bonus Warrants and Piggyback Warrants may have a material impact on the trading liquidity of the Shares.

In the case of Foreign Shareholders who are not entitled to the provisional allotments of the Rights Shares, in order to avoid violation of securities legislation applicable in their countries, it is stated in Section 2.7 of the Circular that if it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares cum Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotment of the Rights Shares cum Warrants commence. The net proceeds arising from the above will be dealt with in accordance with the terms set out in the OIS to be issued by the Company.

7.3 Assessment of the Issue Price of the Rights Shares and the terms of the Warrants

The issue price of the Rights Shares is S\$0.04 per Rights Share (“**Issue Price**”).

The exercise price of the Warrants is also set at S\$0.04 per new Share (“**Exercise Price**”). Five Warrants will be allotted and issued for each Rights Share subscribed.

Warrant holders have up to 5 years to exercise the Warrants at any time from and including the date of issue of the Warrants. Warrants remaining unexercised at the expiry of the exercise period shall lapse and cease to be valid for any purpose.

As the Warrants will not be listed and traded on the SGX-ST, there will be no public platform nor quoted market prices to buy or sell the Warrants. Warrant holders who wish to realise their investments in the Warrants may do so indirectly by exercising their Warrants into the Exercised Shares and then proceed to sell the Exercised Shares which will be listed and quoted on the SGX-ST.

In assessing the Issue Price and Exercise Price, we have considered the following:

- (1) the historical trading performance of the Shares; and

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

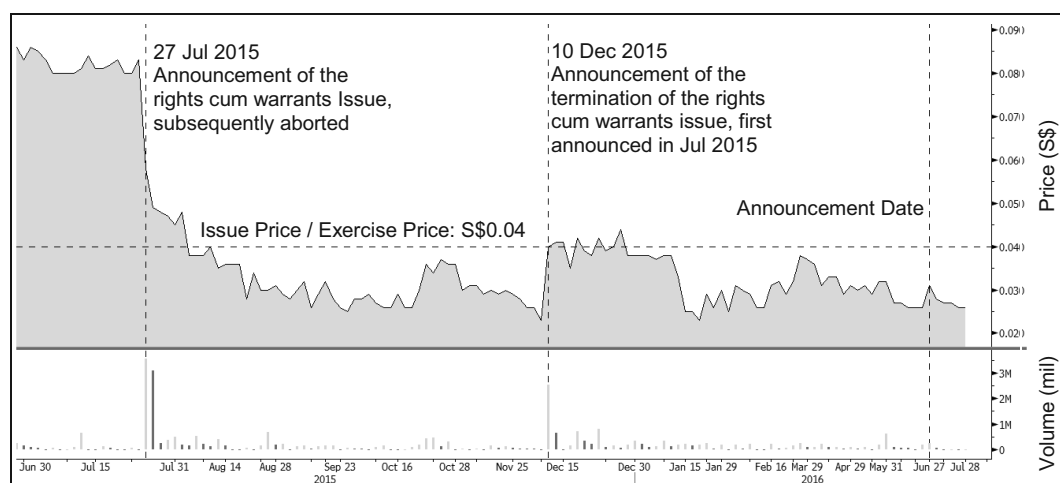
- (2) comparison of the discount/premium of the Issue Price to the Theoretical Ex-Rights Price with the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST.

7.3.1 Market quotation and trading activity of the Shares

In assessing the Issue Price and Exercise Price, we have compared them against the historical market price performance of the Shares and the historical Share trading volume from 28 June 2015, being the 1-year period prior to the Announcement Date, and up to the Latest Practicable Date. The Rights Issue was announced after the close of market trading on 27 June 2016.

We set out below a chart showing the Issue Price and Exercise Price relative to the daily last transacted prices and trading volume of the Shares from 28 June 2015 to the Latest Practicable Date (“**Period Under Review**”):

Price movement and traded volume of the Shares from 28 June 2015 to the Latest Practicable Date



Source: Bloomberg L.P.

As can be seen from the Share price chart above, the Shares were trading at around S\$0.08 in July 2015 before the market reacted negatively to the announcement of the Company’s proposed rights cum warrants issue in 2015 with prices softening towards the proposed issue price of S\$0.03 for the rights shares. The Share price recovered to around S\$0.04 and up to S\$0.05 after the announcement of the abortion of the above rights cum warrants issue in December 2015. Since January 2016, the Shares have been trading below the Issue Price. As at the Latest Practicable Date, the Shares were last transacted at S\$0.026 on 28 July 2016.

Trading volume on the Shares had remained low for the Period Under Review except during the periods around the announcement dates of the aborted rights issue, when it was first announced in July 2015 and when it was terminated in December 2015.

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium / (Discount) of Issue Price over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to the release of the Announcement</u>							
Last 1 year	0.087	0.023	0.043	(7.0)	128	108	0.06
Last 6 months	0.044	0.023	0.032	25.0	44	49	0.03
Last 3 months	0.037	0.026	0.031	29.0	18	36	0.02
Last 1 month	0.032	0.026	0.030	33.3	7	62	0.03
27 June 2016 (last trading day prior to the release of the Announcement)	0.031	0.031	0.031	29.0	1	250	0.14
<u>After the Announcement Date</u>							
28 June 2016 to the Latest Practicable Date	0.028	0.026	0.028	42.9	5	2	n.m.
Latest Practicable Date	←—————			Not traded	—————→		

Source: Bloomberg L.P.

Notes:

- (1) The volume-weighted average price (“VWAP”) for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halts on the Shares) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 180.0 million Shares based on the free float of 60.0% as disclosed in the Company’s Annual Report for FY2015.

Based on the above, we note the following:

- (a) Over the 1-year period prior to the release of the Announcement, the Shares have traded between a low of S\$0.023 and a high of S\$0.087. The Issue Price represents a premium of S\$0.017 (or 73.9%) above the lowest transacted price and a discount of S\$0.047 (or 54.0%) to the highest transacted price of the Shares. The Issue Price represents a slight discount of approximately 7.0% to the VWAP of the Shares for the 1-year period;
- (b) The Issue Price represents a premium of 25.0%, 29.0% and 33.3% above the VWAP of the Shares for the 6-month, 3-month and 1-month periods prior to the release of the Announcement respectively;
- (c) The Issue Price represents a premium of 29.0% above the last transacted price of the Shares of S\$0.031 on 27 June 2016, being the day when the Shares were last traded prior to the release of the Announcement; and
- (d) Prior to the Latest Practicable Date, the Shares were last transacted at S\$0.026 on 28 July 2016 and the VWAP of the Shares since the Announcement to the Latest

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

Practicable Date is S\$0.028. The Issue Price and the Exercise Price are at a premium above the market Share prices.

We observe the following with regard to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the release of the Announcement, the Shares were not frequently traded on a daily basis throughout the period and trading liquidity on the Shares was low. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the release of the Announcement represent 0.06%, 0.03%, 0.02% and 0.03% of the free float of the Shares respectively; and
- (ii) During the period following the Announcement Date and up to the Latest Practicable Date, the average daily trading volume on the Shares remained low.

The Theoretical Ex-Rights Price is S\$0.03325 based on the last transacted Share of S\$0.031 on the Announcement Date. The Issue Price represents a premium of approximately 20.3% above the Theoretical Ex-Rights Price. The Warrants are also considered “out-of-money” as the Exercise Price of S\$0.04 is above the Theoretical Ex-Rights Price.

As at the Latest Practicable Date, the Rights Shares and the Warrants are still considered “out-of-money”.

7.3.2 Statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price, we have also looked at the salient statistics of selected completed renounceable rights issues of shares by companies (excluding real estate and business trusts) listed on the SGX-Mainboard and the SGX-Catalist, that were announced since 1 June 2015 and up to the Latest Practicable Date. There are 20 such rights issues.

Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the above companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discount to Theoretical Ex-Rights Prices may not be directly comparable to the Rights cum Warrants Issue and should not be conclusively relied upon.

Name of Issuer	Date of announcement	Terms of rights issue	Issue price of rights share (S\$)	Last trading price prior to announcement (S\$)	Theoretical ex-rights price (S\$)	Premium/ (Discount) to theoretical ex-rights price (%)
Jardine Cycle & Carriage Limited	18 Jun 2015	1 for 9	26.00	36.06	35.054	(25.8)
Luzhou Bio-Chem Technology Limited	18 Jun 2015	1 for 2	0.03	0.033	0.032	(6.3)
Serrano Limited ⁽¹⁾	29 Jun 2015	1 for 1	0.07	0.18	0.125	(44.0)
Asia-Pacific Strategic Investments Limited ⁽²⁾	29 Jun 2015	2 for 1	0.005	0.041	0.017	(70.6)
Metech International Limited ⁽¹⁾⁽³⁾	10 Jul 2015	1 for 2	0.003	0.005	0.004	(30.8)
China Merchants Holdings (Pacific) Limited	31 Jul 2015	1 for 2	1.00	1.015	1.010	(1.0)
Heeton Holdings Limited	12 Aug 2015	1 for 3	0.493	0.58	0.558	(11.7)
CSC Holdings Limited ⁽⁴⁾	17 Aug 2015	1 for 3	0.03	0.033	0.032	(7.0)
Cityneon Holdings Limited	20 Aug 2015	1 for 1	0.18	0.26	0.220	(18.2)
Chasen Holdings Limited ⁽⁵⁾	26 Aug 2015	1 for 2	0.05	0.076	0.067	(25.7)
Addvalue Technologies Ltd	30 Oct 2015	1 for 3	0.035	0.0684	0.060	(41.7)

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

Name of Issuer	Date of announcement	Terms of rights issue	Issue price of rights share (S\$)	Last trading price prior to announcement (S\$)	Theoretical ex-rights price (S\$)	Premium/ (Discount) to theoretical ex-rights price (%)
Moya Holdings Asia Limited ⁽¹⁾	27 Nov 2015	5 for 4	0.033	0.035	0.034	(2.6)
HLH Group Limited	23 Dec 2015	1 for 2	0.006	0.01	0.009	(30.8)
New Silkroutes Group Limited ⁽⁶⁾	30 Dec 2015	1 for 4	0.20	0.53	0.464	(56.9)
Joyas International Holdings Ltd ⁽¹⁾	8 Mar 2016	6 for 1	0.0035	0.009	0.004	(18.3)
Artivision Technologies Ltd. ⁽¹⁾	18 Mar 2016	5 for 6	0.03	0.042	0.037	(18.9)
iX Biopharma Ltd. ⁽¹⁾	27 May 2016	1 for 25	0.21	0.345	0.340	(38.2)
Yongnam Holdings Limited	1 Jun 2016	1 for 2	0.21	0.335	0.293	(28.4)
Noble Group Limited	3 Jun 2016	1 for 1	0.11	0.30	0.205	(46.3)
Ezion Holdings Limited	30 Jun 2016	3 for 10	0.29	0.52	0.467	(37.9)
High						(1.0)
Low						(70.6)
Mean						(28.1)
Median						(27.1)
Company ⁽¹⁾	27 Jun 2016 (Announcement Date)	1 for 3	0.04	0.031	0.033	20.3

Source: Respective announcements and public documents of the above companies, the SGX-ST website and Bloomberg.

Notes:

- (1) These are SGX Catalyst-listed companies;
- (2) On 29 June 2015, Asia-Pacific Strategic Investments Limited announced a rights cum warrants issue on the basis of two rights shares for every one existing ordinary share in the capital of the company and one detachable warrant for every one rights share subscribed. The warrant exercise price is S\$0.005, representing a 70.6% discount to the theoretical ex-rights price;
- (3) On 10 July 2015, Metech International Limited announced a rights cum warrants issue on the basis of one rights share with one free detachable warrant for every two existing ordinary shares in the capital of the company. The warrant exercise price is S\$0.004, representing a 7.7% discount to the theoretical ex-rights price;
- (4) On 17 Aug 2015, CSC Holdings Limited announced a rights cum warrants issue on the basis of one rights share for every three existing ordinary shares in the capital of the company and five detachable warrants for every one right share subscribed. The warrant exercise price is S\$0.01, representing a 69.0% discount to the theoretical ex-rights price;
- (5) On 26 Aug 2015, Chasen Holdings Limited announced a rights cum warrants issue on the basis of one rights share for every two existing ordinary shares in the capital of the company and two detachable warrants for every one right share subscribed. The warrant exercise price is S\$0.025, representing a 62.9% discount to the theoretical ex-rights price; and
- (6) On 30 Dec 2015, New Silkroutes Group Limited announced a rights cum warrants issue on the basis of one rights share with one free detachable warrant for every four existing ordinary shares in the capital of the company. The warrant exercise price is S\$0.30, representing a 35.3% discount to the theoretical ex-rights price.

As shown in the above rights issue statistics, all the 20 rights issues were priced at discounts to their theoretical ex-rights price, ranging from 1.0% to 70.6%, with mean and median discounts of 28.1% and 27.1% to the theoretical ex-rights price respectively. In contrast, the Issue Price is priced at a premium of 20.3% above the Theoretical Ex-Rights Price. In addition, the exercise prices of the warrants that were issued in conjunction with the rights issues by five of these listed companies were priced at discounts to their respective theoretical ex-rights prices, ranging from 7.7% to 70.6%, or an average discount of 49.1%.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

The Company has informed us that notwithstanding the market premium of the Rights Issue, it is of the view that the Issue Price is still at a discount to the NTA of the Group. As shown in Section 3.2 of this Letter, the NTA per Share as at 30 June 2016 is S\$0.0532.

7.4 Financial effects of the Rights cum Warrants Issue

Details on the financial effects of the Rights cum Warrants Issue on the Group are set out in Section 2.14 of the Circular and are based on the financial statements of the Group for FY2015 and various assumptions. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Rights cum Warrants Issue.

In summary, we note the following:

(a) *Issued Share capital*

After the completion of the Rights cum Warrants Issue, the number of issued Shares and the issued share capital of the Company will increase. The issued share capital of the Company and the number of issued Shares will increase further upon the exercise of the Warrants over the next five years;

(b) *NTA and NTA per Share*

The NTA of the Company will increase after the Rights cum Warrants Issue due to the injection of fresh equity into the Group from the subscription of the Rights Shares, and will increase further depending on the extent of the exercise of the Warrants.

However, the NTA per Share will be diluted after the Rights cum Warrants Issue as the Issue Price is set at a discount to the NTA per Share of S\$0.0532 as at 30 June 2016. The dilution to the NTA per Share will depend on the extent of the exercise of the Warrants over the next five years;

(c) *Earnings per Share*

The Rights cum Warrants Issue will also have a dilutive effect on the loss per Share immediately after the Rights cum Warrants Issue due to the enlarged number of issued Shares arising from the issue of the Rights Shares and, to the extent applicable, the Exercised Shares. The future effect of the Rights cum Warrants Issue on the Group's earnings (if any) will in turn depend on the returns earned from such deployment of the net proceeds from the issue of the Rights Shares and the Exercised Shares and is not determinable at this point in time; and

(d) *Gearing*

The gearing ratio of the Group will improve as a result of the increase in shareholders' equity due to the injection of fresh funds with the completion of the Rights cum Warrants Issue. It will improve further when the Warrants are exercised into the Exercised Shares. The Company had defined the gearing ratio of the Group as the total borrowings divided by total capital (comprising shareholders' funds and total borrowings).

7.5 Dilution impact of the Rights cum Warrants Issue on the Independent Shareholders

Mr Chan is presently deemed the largest substantial Shareholder, holding a direct and indirect interest of 48.4% of the issued share capital of the Company as at the Latest Practicable Date and the remaining 51.6% Shares are held by independent Shareholders.

Independent Shareholders will suffer a dilution in their shareholdings in the Company if (i) they do not subscribe to their full entitlements of the Rights Shares cum Warrants; and/or (ii) they

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

do not subsequently exercise their Warrants into the Exercised Shares, in tandem with the Concert Party Group's interest in the Rights Shares and the Warrants.

Pursuant to the Irrevocable Undertakings, the Concert Party Group will effectively subscribe to the entire Rights cum Warrants Issue, where 139,098,617 Rights Shares cum 695,493,085 Warrants will be issued based on the existing share capital of the Company.

The Company has outstanding Convertibles comprising 59,531,652 Bonus Warrants, 9,333,224 Piggyback Warrants and 2,918,667 Options.

The 2,918,667 outstanding Options are held entirely by the Concert Party Group and the Directors of the Company, who have each irrevocably undertaken to the Company that they will not exercise their Options to participate in the Rights cum Warrants Issue.

The exercise prices of the 59,531,652 Bonus Warrants and 9,333,224 Piggyback Warrants are S\$0.20 and S\$0.30 respectively. Each Bonus Warrant exercised will grant the warrant holder one free Piggyback Warrant. The Concert Party Group holds 25,904,781 Bonus Warrants and 2,217,391 Piggyback Warrants and each of them has irrevocably undertaken that they will not exercise their Bonus Warrants and Piggyback Warrants to participate in the Rights cum Warrants Issue.

The remaining 33,626,871 Bonus Warrants and 7,115,833 Piggyback Warrants are held by independent parties. If these Bonus Warrants and Piggyback Warrants are exercised to be eligible to participate in the Rights cum Warrants Issue, the size of the Rights Issue will be increased accordingly to 163,888,475 Rights Shares cum 819,442,375 Warrants. This is described by the Company as the Maximum Scenario.

As at the Latest Practicable Date, these Convertibles are "out-of-money" and hence we believe that the Convertibles are unlikely to be exercised into new Shares to participate in the Rights cum Warrants Issue. These are our Scenarios A1 and A2 described below.

Arising from the Rights cum Warrants Issue, the existing exercise prices and numbers of the Convertibles (which are not exercised to participate in the Rights cum Warrants Issue) may or may not be adjusted in accordance with the terms of these Convertibles. Shareholders should further take note of any announcements which may be made by the Company in respect of such adjustments, if any.

Dilution Scenarios

On the basis that the Proposed Whitewash Resolution is passed by the Independent Shareholders, we have evaluated the dilution impact of the Rights cum Warrants Issue under the following key scenarios:

Scenario	Description	Remarks
Scenario A1	None of the Convertibles are exercised, and only the Concert Party Group subscribes to the entire Rights Issue. Size of the Rights Issue = 139,098,617 Rights Shares and 695,493,085 Warrants	Maximum dilution to Independent Shareholders as shown in Scenario A1 below.
Scenario A2	None of the Convertibles are exercised, and both the Concert Party Group and the Independent Shareholders subscribe for their full entitlements. Size of the Rights Issue = 139,098,617 Rights Shares and 695,493,085 Warrants	No change in the existing percentage shareholding interests in the Company as shown in Scenario A2 below.
Scenario B1	All the Convertibles, save for those held by the Concert Party Group and the Directors, are exercised into new Shares (totalling 74,369,575 Shares) to participate in the Rights cum Warrants Issue and will subscribe to their entitlements.	There is an increase in the issued Shares before the Rights cum Warrants Issue as shown in Scenario B1 below.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

Scenario	Description	Remarks
	<p>Only the Concert Party Group will subscribe to their maximum committed amount pursuant to their Irrevocable Undertakings.</p> <p>Size of the Rights Issue = 163,888,475 Rights Shares and 819,442,375 Warrants</p>	
Scenario B2 “Maximum Scenario”	<p>All the Convertibles, save for those held by the Concert Party Group and the Directors, are exercised into new Shares (totalling 74,369,575 Shares) to participate in the Rights cum Warrants Issue and will subscribe to their entitlements.</p> <p>All Shareholders will subscribe for their full entitlements.</p> <p>Size of the Rights Issue = 163,888,475 Rights Shares and 819,442,375 Warrants</p>	<p>Other than the increase in the issued Shares and consequential change in percentage shareholdings before the Rights cum Warrants Issue, there is no change in the percentage shareholding interests in the Company after the Rights cum Warrants Issue as shown in Scenario B2 below.</p>

Scenario A1	Before the Rights cum Warrants Issue		After the Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of Warrants)	%	Shares held (full exercise of Warrants)	%
Concert Party Group	202,000,000	48.4	341,098,617	61.3	1,036,591,702	82.8
Independent Shareholders	215,295,850	51.6	215,295,850	38.7	215,295,850	17.2
Total	417,295,850	100.0	556,394,467	100.0	1,251,887,552	100.0

Scenario A2	Before the Rights cum Warrants Issue		After the Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of Warrants)	%	Shares held (full exercise of Warrants)	%
Concert Party Group	202,000,000	48.4	269,333,333	48.4	605,999,998	48.4
Independent Shareholders	215,295,850	51.6	287,061,134	51.6	645,887,554	51.6
Total	417,295,850	100.0	556,394,467	100.0	1,251,887,552	100.0

Scenario B1	Before the Rights cum Warrants Issue		After the Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of Warrants)	%	Shares held (full exercise of Warrants)	%
Concert Party Group	202,000,000	41.1	341,098,617	52.0	1,036,591,702	70.3
Independent Shareholders	289,665,425	58.9	314,455,283	48.0	438,404,573	29.7
Total	491,665,425	100.0	655,553,900	100.0	1,474,996,275	100.0

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITWASH RESOLUTION

Scenario B2	Before the Rights cum Warrants Issue		After the Rights cum Warrants Issue			
	Shares held	%	Shares held (no exercise of Warrants)	%	Shares held (full exercise of Warrants)	%
Concert Party Group	202,000,000	41.1	269,333,333	41.1	605,999,998	41.1
Independent Shareholders	289,665,425	58.9	386,220,567	58.9	868,996,277	58.9
Total	491,665,425	100.0	655,553,900	100.0	1,474,996,275	100.0

Based on the above scenarios, we note the following:

Scenarios A1 and A2

Under Scenarios A1 and A2, none of the Convertibles will be exercised to participate in the Rights cum Warrants Issue. The Company will raise gross proceeds of S\$5.56 million from the issue of the Rights Shares. Upon the exercise of the Warrants, the Company will raise additional gross proceeds of up to S\$27.82 million.

Scenario A1

Under this scenario, none of the Independent Shareholders will subscribe for the Rights Shares and the Concert Party Group will subscribe for the entire Rights cum Warrants Issue pursuant to their Irrevocable Undertakings.

Depending on market sentiments and the Shareholders' support for the Rights cum Warrants Issue, this scenario may happen in view of the Issue Price being priced at a premium of 20.3% above the Theoretical Ex-Rights Price and the Exercise Price is also priced out-of-money to the Theoretical Ex-Rights Price. In comparison, as shown in Section 7.3.2 of this Letter, the mean and median statistics of discount of the selected rights issues were 28.1% and 27.1% respectively. In addition, the exercise prices of the warrants that were issued in conjunction with some of these rights issues were priced at discounts to their respective theoretical ex-rights prices, averaging at 49.1% to the theoretical ex-rights prices.

Under this scenario, the Independent Shareholders will face the maximum dilution impact as the Concert Party Group's shareholding interest in the Company will increase from 48.4% to 61.3% immediately after the Rights cum Warrants Issue and the Independent Shareholders will have their aggregate shareholding interests diluted from 51.6% to 38.7% immediately after the Rights cum Warrants Issue.

Upon the exercise of all of the Warrants, the Concert Party Group's shareholding interest in the Company will increase further from 61.3% to 82.8% and the Independent Shareholders will have their aggregate shareholding interests diluted further from 38.7% to 17.2%.

Scenario A2

Under this scenario, both the Concert Party Group and the Independent Shareholders will subscribe for their respective *pro rata* entitlements of Rights cum Warrants Issue in full and will also exercise all their Warrants into the Exercise Shares. As a result, both the Concert Party Group and the Independent Shareholders' shareholding interests in the Company will remain unchanged at 48.4% and 51.6% respectively.

Scenarios B1 and B2

Under Scenarios B1 and B2, all the Convertibles, save for those held by the Concert Party Group and the Directors, are exercised into new Shares to participate in the Rights cum Warrants Issue and will subscribe to their entitlements. As a result, the issued number of Shares will increase to 491,665,425 Shares. Accordingly, the percentage shareholding of the Concert Party Group will decrease from 48.4% to 41.1%, and Independent Shareholders' percentage

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

shareholding will increase to 58.9%. As a consequence, the size of the Rights cum Warrants Issue will also increase to 163,888,475 Rights Shares with 819,442,375 Warrants, if the Rights cum Warrants Issue is fully subscribed. This scenario is also referred to in the Circular as the Maximum Scenario.

Under this scenario, the Company will raise gross proceeds of S\$6.56 million from the issue of the Rights Shares. Upon the exercise of the Warrants, the Company will raise additional gross proceeds of up to S\$32.78 million.

This Maximum Scenario is unlikely as the Convertibles are quite “out-of-money” compared to the prevailing market Share price.

Scenario B1

Under this scenario, the Concert Party Group will subscribe to their maximum committed amount pursuant to their Irrevocable Undertakings and none of the Independent Shareholders will subscribe for the Rights Shares save for those who have exercised their Convertibles to participate in the Rights cum Warrants Issue.

As the take up for the Rights Shares from the Independent Shareholders is low, the Concert Party Group’s shareholding interest in the Company will increase from 41.1% to 52.0% immediately after the Rights cum Warrants Issue and the Independent Shareholders will have their aggregate shareholding interests diluted from 58.9% to 48.0% immediately after the Rights cum Warrants Issue.

Upon the exercise of all the Warrants, the shareholding interest of the Concert Party Group will increase further to 70.3% while the Independent Shareholders will be diluted to 29.7%.

Scenario B2

Under this scenario, all the Shareholders will subscribe in full for their respective entitlements of Rights Shares and will exercise their Warrants into the Exercised Shares. The percentage shareholding interests of the Concert Party Group and the Independent Shareholders in the Company will remain at 41.1% and 58.9% respectively.

7.6 The Rights cum Warrants Issue being inter-conditional on the Proposed Whitewash Resolution

The Rights cum Warrants Issue and the Proposed Whitewash Resolution are subject to Shareholders’ approval at the forthcoming EGM. If the Rights cum Warrants Issue is not approved by Shareholders at the EGM, the Proposed Whitewash Resolution will not be carried out. Similarly, if the Proposed Whitewash Resolution is not passed at the EGM, the Rights cum Warrants Issue will not proceed and the Company may not be able to achieve its fund raising objectives.

The Company has confirmed that the respective Irrevocable Undertakings by the Concert Party Group to subscribe in full for their entitlements and for the Excess Rights Shares are conditional upon, *inter alia*, the passing of the Proposed Whitewash Resolution.

As a condition of the SIC approval for the Proposed Whitewash Waiver, the Concert Party Group and parties acting in concert with it will have to abstain from voting on the Proposed Whitewash Resolution. Hence, the Proposed Whitewash Resolution will only be voted on by the Independent Shareholders.

Independent Shareholders should note that the Proposed Whitewash Waiver, if approved at the forthcoming EGM, will waive the requirement of the Concert Party Group from making the Mandatory Offer for all the remaining Shares at the highest price paid or agreed to be paid by the Concert Party Group in the last six months. As the Concert Party Group had not acquired any Shares in the last six months, the offer price to be made by the Concert Party Group, if a hypothetical Mandatory Offer is to be made, will be at S\$0.04 for each Share.

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

Independent Shareholders should also note that the subscription of the Rights Shares and application of the Excess Rights Shares by the Concert Party Group may result in them holding over 49.0% of the enlarged issued Shares. In such a circumstance, the Concert Party Group can thereafter be free to acquire further Shares without incurring any Mandatory Offer obligations. In addition, in view of the potential dilutive effect of the Warrants, in particular the number of Warrants that may be held by the Concert Party Group, potential investors may be discouraged from making a general takeover offer for the Company.

In the event that the Concert Party Group holds shareholding interest of the Company in excess of 50.0%, they will be able to pass all ordinary resolutions proposed by the Company at shareholders' general meetings and in the event that the Concert Party Group's shareholding interest crosses above 75.0%, they will be able to pass all ordinary and special resolutions proposed by the Company at shareholders' general meetings.

7.7 Support from the Concert Party Group for the Rights cum Warrants Issue

It is not the intention of the Concert Party Group to make a general takeover offer or to privatise the Company. Hence, the Proposed Whitewash Resolution for the approval by the Independent Shareholders.

Despite the Rights Shares being priced at a premium above the Theoretical Ex-Rights Price and the Warrants being out-of-money, the Concert Party Group has given their respective Irrevocable Undertakings to ensure that the Rights cum Warrants Issue will be subscribed in full.

Mr Chan is the Chief Executive Officer and Executive Director of the Company, and he has been driving the business strategy of the Group. The past fund raising activities that he had participated in are detailed in our April 2016 IFA Letter. He has directly and indirectly, in aggregate, committed an estimated S\$37.9 million to the Company, and pursuant to the Irrevocable Undertakings for the Rights cum Warrants Issue, has committed to a further amount of S\$5.56 million of fresh equity into the Company.

If Mr Chan and/or HBD exercise their Convertibles and the Warrants after the completion of the Rights cum Warrants Issue, their financial contribution to the Company will increase further.

In connection with the Rights cum Warrants Issue, the Concert Party Group had already advanced in full the amount of S\$5.56 million pursuant to its Irrevocable Undertakings.

We believe that the above underscores Mr Chan's support for the Rights cum Warrants Issue and demonstrates his commitment to and confidence in the prospects of the Group.

8. OUR OPINION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- (a) rationale for the Rights cum Warrants Issue and the use of proceeds;
- (b) the Rights Shares cum Warrants being offered to all entitled Shareholders on a *pro rata* basis;
- (c) assessment of the Issue Price of the Rights Shares and the terms of the Warrants;
- (d) financial effects of the Rights cum Warrants Issue;
- (e) dilution impact of the Rights cum Warrants Issue on the Independent Shareholders;

APPENDIX II – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RELATION TO THE WHITEWASH RESOLUTION

- (f) the Rights cum Warrants Issue being inter-conditional on the Proposed Whitewash Resolution; and
- (g) support from the Concert Party Group for the Rights cum Warrants Issue.

Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the Proposed Whitewash Resolution, when considered in the context of the Rights cum Warrants Issue, is fair and reasonable, and is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

Independent Shareholders should take note that the Sponsor has made an application for the listing and quotation of only the Rights Shares and Exercised Shares. The Company has stated that the Warrants will NOT be listed and cannot be traded on the SGX-ST.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of the Company or the Group after the completion of the Rights cum Warrants Issue. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Whitewash Resolution.

This Letter is addressed to the Recommending Directors for their benefit and for the purpose of their consideration of the Proposed Whitewash Resolution. The recommendation to be made by the Recommending Directors to the Independent Shareholders shall remain the sole responsibility of the Recommending Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Proposed Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

SINGAPORE EDEVELOPMENT LIMITED

(Company registration no. 200916763W)
(Incorporated in Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Singapore eDevelopment Limited (the “**Company**”) will be held at Room 308, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 15 September 2016 at 10 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

RESOLUTION 1: Rights cum Warrants Issue (as Ordinary Resolution)

That contingent upon the passing of Ordinary Resolution 2 herein, a renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”) of up to 983,330,850 new ordinary shares of the Company comprising the renounceable non-underwritten rights issue of up to 163,888,475 rights shares (the “**Rights Shares**”) at an issue price of S\$0.04 (the “**Issue Price**”) for each Rights Share, with up to 819,442,375 free detachable Warrants (the “**Warrants**”) with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**Exercised Share**”) at the exercise price of S\$0.04 per Exercised Share (the “**Exercise Price**”), on the basis of one (1) Rights Share for every three (3) existing shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a books closure date to be determined (the “**Books Closure Date**”), and five (5) Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

- (a) create and issue:
 - (i) up to 163,888,475 Rights Shares at the Issue Price of S\$0.04 per Rights Share;
 - (ii) up to 819,442,375 Warrants in registered form, each Warrant to entitle the holder thereof to subscribe for one (1) Exercised Share at an exercise price of S\$0.04 for each Exercised Share at any time during the period commencing on the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth (5th) anniversary of the date of issue of the Warrants subject to the terms and conditions of the deed poll (the “**Deed Poll**”) constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may think fit; and
 - (iii) such further Warrants in registered form as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (b) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
 - (i) up to 819,442,375 Exercised Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such Exercised Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares of the Company (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the Exercised Shares; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) on the same basis as paragraph (b)(i) above, such further Exercised Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (a)(iii) above;
- (c) effect the Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (i) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to the Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited (the “**CDP**”) as at the Books Closure Date with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of one (1) Rights Share with Warrants for every three (3) Shares, or in such other proportions as the Directors may think fit;
 - (ii) no provisional allotment of Rights Shares with Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three (3) Market Days prior thereto, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
 - (iii) the entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company for the Rights cum Warrants Issue;
 - (iv) the entitlements to Rights Shares with Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
 - (v) the Rights Shares and/or the Exercised Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of the issue of the Rights Shares and/or the Exercised Shares; and
- (d) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue (including fixing the Books Closure Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such the Directors or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

RESOLUTION 2: The Whitewash Resolution (as Ordinary Resolution)

That contingent upon the passing of Ordinary Resolution 1 herein, approval be and is hereby given as follows:

That subject to the satisfaction of all the conditions set out in the Securities Industry Council’s letter on 5 August 2016, Shareholders (other than Mr Chan Heng Fai and Hengfai Business Development Pte. Ltd. (the “**Concert Party Group**”)) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of

NOTICE OF EXTRAORDINARY GENERAL MEETING

the Singapore Code on Take-overs and Mergers (the “Code”), in the event that (i) the Concert Party Group’s subscription of the 67,333,333 Rights Shares with Warrants and up to 71,765,284 Excess Rights Shares with Warrants (subject to availability) pursuant to the Rights cum Warrants Issue by the Company; and (ii) their acquisition of Exercised Shares pursuant to the exercise of the Warrants, results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

BY ORDER OF THE BOARD

Mr Chan Heng Fai
Executive Director and Chief Executive Officer
Singapore eDevelopment Limited
Singapore
31 August 2016

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “Act”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (“EGM”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. If the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Winstedt Road, Block A #02-02 Singapore 227977 no later than 72 hours prior to the time of the EGM.

PROXY FORM

SINGAPORE EDEVELOPMENT LIMITED

(Company registration no. 200916763W)
(Incorporated in Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name) with NRIC/Passport Number: _____
of _____ (Address)
being a member/members of **SINGAPORE EDEVELOPMENT LIMITED** (the "**Company**"), hereby
appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)
and/or (delete as appropriate)			

or failing him/her/them*, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at Room 308, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 15 September 2016 at 10 a.m. I/We* direct my/our* proxy to vote for or against the Proposed Resolutions to be proposed at the EGM as hereunder indicated. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	RESOLUTION	FOR**	AGAINST**
1	To approve the Rights cum Warrants Issue (as Ordinary Resolution)		
2	To approve the Whitewash Resolution (as Ordinary Resolution)		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate so with a [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Members/Corporation's Common Seal



PROXY FORM

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “Act”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (“EGM”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **10 Winstedt Road, Block A #02-02 Singapore 227977**, not less than **72 hours** before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any EGM laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.