



SINGAPORE eDEVELOPMENT LIMITED

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

Unaudited Financial Statement for the Financial Year Ended 31 December 2014

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income	Group Year ended		
	31/12/2014 Unaudited	31/12/2013 Restated	Increase/ (Decrease)
	S\$'000	S\$'000	%
Continuing operations			
Revenue	-	-	nm
Cost of sales	(41)	-	nm
Gross profit	(41)	-	
Other income	466	3	15,433
Marketing expenses	(178)	-	nm
Administrative expenses	(3,875)	(986)	293
Research and Development	(231)	-	nm
Other expenses	(3,429)	-	nm
Loss from continuing operations	(7,288)	(983)	641
Finance costs	(11)	(15)	(27)
Loss before tax from continuing operations	(7,299)	(998)	631
Income tax expense	(356)	-	
Loss from continuing operations, net of tax	(7,655)	(998)	667
Discontinued operation			
Loss from discontinued operation, net of tax	(13,088)	(21,422)	(39)
Loss for the year	(20,743)	(22,420)	(7)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(7,642)	(998)	666
Loss from discontinued operation, net of tax	(13,088)	(21,422)	(39)
	(20,730)	(22,420)	(8)
Non-controlling interests			
Loss from continuing operations, net of tax	(13)	-	nm
Loss from discontinued operation, net of tax	-	-	
	(13)	-	
	(20,743)	(22,420)	(7)
Other comprehensive income:			
Foreign currency translation	(7)	-	nm
Total comprehensive income for the year	(20,750)	(22,420)	(7)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(7,649)	(998)	666
Loss from discontinued operation, net of tax	(13,088)	(21,422)	(39)
	(20,737)	(22,420)	(8)
Non-controlling interests			
Loss from continuing operations, net of tax	(13)	-	nm
Loss from discontinued operation, net of tax	-	-	
	(13)	-	
Total comprehensive income for the year	(20,750)	(22,420)	(7)

nm = Not Meaningful

Note: During FY2014, the Group disposed its construction business held under CCM Industries Pte Ltd ("CIPL" or "disposed subsidiary") and the disposal of CIPL was completed 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.

Notes to Consolidated Statement of Comprehensive Income	Group		
	FY2014 (Unaudited)	FY2013 (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss for the year is arrived at:			
After charging:			
Depreciation of property, plant and equipment	311	1,297	(76.02)
Loss on disposal of property, plant and equipment	-	604	(100.00)
Interest expense	59	359	(83.57)
Net fair value adjustment on derivative	2,960	-	nm
Receivables written off	-	557	(100.00)
Write off of prepaid listing expense	468	-	nm
Amortised cost of Employee Share Options	237	-	nm
Provisions of			
- foreseeable losses on contract work-in-progress	-	8,709	nm
- claims	3,461	3,000	nm
- impairment of amounts receivable from disposed subsidiary	15,517	-	nm
And crediting:			
Gain on disposal of subsidiary	19,170	-	nm
Gain on disposal of property, plant and equipment	12	-	nm
Interest income	-	1	(100.00)
Unrealised foreign exchange gains	409	-	nm

nm = Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets	Group		Company	
	31/12/2014 Unaudited S\$'000	31/12/2013 Audited S\$'000	31/12/2014 Unaudited S\$'000	31/12/2013 Audited S\$'000
Non-current assets				
Property, plant and equipment	128	2,557	9	-
Software cost	98	-	-	-
Investment in subsidiaries	-	-	926	4,159
Trade receivables	-	2,421	-	-
	<u>226</u>	<u>4,978</u>	<u>935</u>	<u>4,159</u>
Current assets				
Gross amount due from customers for contract work-in-progress	-	3,331	-	-
Properties under development	17,278	-	-	-
Due from subsidiaries	-	-	22,362	-
Trade and other receivables	1,429	15,031	3	7
Prepaid operating expenses	182	587	70	150
Cash and bank deposits pledged	344	1,313	-	303
Cash and bank balances	21,184	871	15,488	106
	<u>40,417</u>	<u>21,133</u>	<u>37,923</u>	<u>566</u>
Total assets	40,643	26,111	38,858	4,725
Current liabilities				
Provision for claims	3,461	3,000	3,461	-
Trade and other payables	3,050	23,298	796	177
Accrued operating expenses	1,577	1,298	556	211
Derivative	5,869	-	5,869	-
Due to subsidiaries	-	-	486	7,307
Loan from directors / shareholder	22	1,767	-	1,000
Loans and borrowings	1,609	5,973	1,500	116
	<u>15,588</u>	<u>35,336</u>	<u>12,668</u>	<u>8,811</u>
Net current assets / (liabilities)	<u>24,829</u>	<u>(14,203)</u>	<u>25,255</u>	<u>(8,245)</u>
Non-current liabilities				
Loans and borrowings	3,269	340	-	-
Trade payables	-	2,254	-	-
	<u>3,269</u>	<u>2,594</u>	<u>-</u>	<u>-</u>
Total liabilities	18,857	37,930	12,668	8,811
Net Assets / (Liabilities)	21,786	(11,819)	26,190	(4,086)
Equity attributable to owners of the Company				
Share capital	67,359	15,809	67,359	15,809
Other reserves	230	(2,569)	237	-
Retained earnings	(45,789)	(25,059)	(41,406)	(19,895)
	<u>21,800</u>	<u>(11,819)</u>	<u>26,190</u>	<u>(4,086)</u>
Non-controlling interests	(14)	-	-	-
Total equity	21,786	(11,819)	26,190	(4,086)
Total equity and liabilities	40,643	26,111	38,858	4,725

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

	As at 31/12/2014		As at 31/12/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand the Group (excluding CIPL) CIPL	-	1,609	116	-
	-	-	5,857	-
	-	1,609	5,973	-
Amount repayable after one year Exchangeable Notes Mandurah Loan CIPL	2,582	-	-	-
	687	-	-	-
	-	-	340	-
	3,269	-	340	-
Total Loans and Borrowings	3,269	1,609	6,313	-

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

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

Loans and Borrowings of the Group (excluding CIPL)

The outstanding loans of the Group as at 31 December 2014 are as follows:

- S\$3.0 million unsecured interest-free loan from Mr Liew Sen Keong, a former director, payable in full in 3 years from 23 January 2014. Mr Liew had agreed to set off S\$1.5 million against the loan principal in exchange for satisfaction of certain obligations under the sale and purchase agreement ("CIPL SPA") in relation to Disposal of CIPL leaving an outstanding balance of S\$1.5 million. The Company announced on 16 May 2014 that Mr Liew had undertaken in the 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, namely Raymond Brother Builder Pte Ltd. Mr Liew had failed to procure such replacement. As such, the Company had formally demanded payment from Mr Liew and Raymond Brother Builder Pte Ltd of S\$8.49 million due to performance bonds called and indemnified by the Company as a result of these corporate guarantees and the amount demanded remain outstanding.
- On 16 February 2014, Singapore Construction & Development Pte. Ltd. (formerly known as CCM Property Pte Ltd, "SCDPL"), a wholly-owned subsidiary of the Company, completed the issuance of 18% exchangeable notes of S\$5 million in principal amount due 2017 ("Exchangeable Notes") pursuant to a subscription agreement dated 23 October 2013 among SCDPL, the Company and Phillip Securities Pte Ltd. The Exchangeable Notes are secured by a negative pledge.

As these Exchangeable Notes conferred to the note holders the right to exchange into the Company's shares, an embedded derivative liability for the exchange rights was recognised and accounted as follows:

	21-Feb-14	31-Dec-14
On Issuance		
Exchange Rights	2,909	5,869
Straight Borrowing	2,091	2,582
Total	5,000	8,451

The derivative was re-measured at fair value at balance sheet date and changes in its fair value was recognised in the Consolidated Comprehensive Income Statement. As the exchange rights can be exercised any time 6 months after issuance, the derivative is reported as part of current liabilities.

- A\$0.63 million (S\$0.69 million) short-term loan from an Australian financial institution for land purchases for development in Mandurah (South of Perth), Western Australia. The loan is secured with a mortgage against the land and personal guarantees from the CEO of the Company and the executive director of SeD Perth Pty Ltd. The loan is payable on 30 June 2016 and bears variable interest rate, currently at 6.173% per annum, determined as a weighted average of various prevailing market rates.

- A US\$0.07 million (S\$0.109 million) on-demand loan from a former substantial shareholder of HotApp International, Inc ("HotApp US") which had been used to finance the working capital requirement of HotApp US prior to acquisition by the Company.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

Consolidated Cash Flow Statement	FY2014 Unaudited S\$'000	FY2013 Restated S\$'000
Operating activities		
Loss before tax from continuing operations	(7,299)	(998)
Loss before tax from discontinued operation	(13,088)	(21,422)
Loss before tax, total	(20,387)	(22,420)
Adjustments for:-		
Depreciation of property, plant and equipment	311	1,297
(Gain) / loss on disposal of property, plant and equipment	(12)	604
Gain on disposal of a subsidiary	(19,170)	-
Net fair value adjustment on derivative	2,960	-
Amortised cost of Employee Share Options	237	-
Provision for doubtful debt	15,517	-
Prepaid listing expenses written off	468	-
Receivables written off	-	557
Provision for foreseeable losses on contract work-in-progress	-	8,709
Provision for claims	3,461	3,000
Notional interest expenses	-	251
Notional interest income	-	(180)
Unrealised exchange loss	(58)	-
Finance costs	59	359
Finance income	-	(1)
Operating cash flows before changes in working capital	(16,614)	(7,824)
Changes in working capital:-		
Increase in trade and other receivables	(6,130)	(741)
Increase in prepaid operating expenses	(340)	(11)
(Increase)/decrease in gross amount due from customers for contract work-in-progress	(7,350)	167
Increase in properties under development	(16,649)	-
Increase in trade and other payables	7,981	6,742
Increase in accrued operating expenses	2,116	316
Cash flows used in operations	(36,986)	(1,351)
Interest received	-	1
Interest paid	(59)	(359)
Net cash flows used in operating activities	(37,045)	(1,709)
Investing activities		
Purchase of property, plant and equipment	(135)	(357)
Proceeds from disposal of plant and equipment	27	1,156
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	(751)	799
Financing activities		
Proceeds from loans and borrowings	11,533	14,545
Proceeds from issuance of new ordinary shares	49,492	7,058
Proceeds from issuance of exchangeable notes	4,000	-
Proceeds from loans from directors / shareholder	5,500	-
Repayments of loans and borrowings	(8,649)	(17,623)
Repayments of obligations under finance lease	(116)	(1,639)
(Increase) / decrease in deposits pledged	(41)	1,007
Share issuance expenses	(442)	(814)
Net cash generated from financing activities	61,277	2,534
Net increase in cash and cash equivalents	23,481	1,624
Cash and cash equivalents at beginning of financial period	(2,297)	(3,921)
Cash and cash equivalents at end of financial period	(Note A) 21,184	(2,297)
Note A		
Cash and cash equivalents comprised fixed deposit and cash and bank balances:	21,184	871
Less: Bank overdrafts	-	(3,168)
Cash and cash equivalents	21,184	(2,297)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group (Unaudited)	Attributable to owners of the Company						Non-controlling interests
	Share capital	Other reserves			Accum'd losses	(Capital deficiency) / total equity	
		Merger reserve	Share option reserve	Foreign currency translation reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	15,809	(2,569)	-	-	(25,059)	(11,819)	-
Loss of the year	-	-	-	-	(20,730)	(20,730)	(13)
Foreign currency translation	-	-	-	(7)	-	(7)	-
Total comprehensive income for the period	-	-	-	(7)	(20,730)	(20,737)	(13)
Grant of equity-settled share options to employees	-	-	237	-	-	237	-
Disposal of a subsidiary	-	2,569	-	-	-	2,569	-
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽¹⁾	11,045	-	-	-	-	11,045	-
Issuance of new ordinary shares pursuant to Rights Issue and Bonus Shares Issue ⁽²⁾	40,947	-	-	-	-	40,947	-
Share issuance expenses	(442)	-	-	-	-	(442)	-
Acquisition of subsidiary	-	-	-	-	-	-	(1)
Balance at 31 December 2014	67,359	-	237	(7)	(45,789)	21,800	(14)
Balance at 1 January 2013	9,565	(2,569)	-	-	(2,639)	4,357	-
Loss net of tax, representing total comprehensive income for the period	-	-	-	-	(22,420)	(22,420)	-
Issuance of new ordinary shares pursuant to the Placements ⁽³⁾	7,058	-	-	-	-	7,058	-
Share issuance expenses	(814)	-	-	-	-	(814)	-
Balance at 31 December 2013	15,809	(2,569)	-	-	(25,059)	(11,819)	-

The Company (Unaudited)	Attributable to owners of the Company			
	Share capital	Share option reserve	Accumulated Losses	(Capital deficiency) / Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	15,809	-	(19,895)	(4,086)
Loss net of tax, representing total comprehensive income for the year	-	-	(21,511)	(21,511)
Grant of equity-settled share options to employees	-	237	-	237
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽¹⁾	11,045	-	-	11,045
Issuance of new ordinary shares pursuant to Rights Issue and Bonus Shares Issue ⁽²⁾	40,947	-	-	40,947
Share issuance expenses	(442)	-	-	(442)
Balance at 31 December 2014	67,359	237	(41,406)	26,190
Balance at 1 January 2013	9,565	-	(1,314)	8,251
Loss net of tax, representing total comprehensive income for the year	-	-	(18,581)	(18,581)
Issuance of new ordinary shares pursuant to the Placements ⁽³⁾	7,058	-	-	7,058
Share issuance expenses	(814)	-	-	(814)
Balance at 31 December 2013	15,809	-	(19,895)	(4,086)

Note:

- (1) On 2 January 2014, 1,711,300,000 free and transferrable warrants ("Bonus Warrants") in registered form were issued to the shareholders of the Company. Each Bonus Warrant carries a right to subscribe for one new ordinary share in the capital of the Company ("Shares", and each a "Share") at the exercise price of S\$0.01 each. Additionally, one free and transferrable warrant in registered form ("Piggyback Warrant") will be issued by the Company for every validly exercised

Bonus Warrant. Each Piggyback Warrant carries a right to subscribe for a new Share at the exercise price of S\$0.011 each.

During the financial year, a total of 1,060,650,345 Shares had been issued for S\$11,045,000 pursuant to the exercise of Bonus Warrants and Piggyback Warrants. Following Rights and Bonus Issues on 19 September 2014 and Share Consolidation on 7 November 2014, the exercise prices of the Bonus Warrants and Piggyback Warrants had been adjusted to S\$0.20 and S\$0.30 per share respectively.

- (2) On 19 September 2014, 13,648,858,520 rights shares and 13,648,858,520 bonus shares were issued for S\$40,947,000 pursuant to renounceable non-underwritten rights issue at an issue price of S\$0.003 for each rights share, on the basis of twelve (12) rights shares for every one (1) existing Share held by shareholders of the Company as at the books closure date ("**Rights Issue**"), and the issue of bonus shares, on the basis of one (1) bonus share for every one rights share subscribed for ("**Bonus Shares Issue**").
- (3) The Company had on 26 April 2013 allotted and issued 35 million new Shares to Hengfai Business Development Pte. Ltd. at an issue price of S\$0.086 per Share. The Company had on 21 June 2013 further allotted and issued 44 million new Shares to nine subscribers at an issue price S\$0.092 per Share. (Collectively, the "Placements")

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share Capital (S\$'000)
As at 31 December 2013 (audited)	171,220,000	15,809
As at 31 December 2014 (unaudited)	285,295,850	67,359

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

On 16 February 2014, SCDPL completed the issuance of 18% exchangeable notes of S\$5 million in principal amount due 2017 ("Exchangeable Notes") pursuant to a subscription agreement dated 23 October 2013 among SCDPL, the Company and Phillip Securities Pte Ltd. The issuance of the Exchangeable Notes was approved by the shareholders of the Company at the Extraordinary General Meeting on 28 October 2013 ("EGM").

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

On 21 October 2014 during an extraordinary meeting, the shareholders of the Company approved the consolidation of every 100 existing ordinary shares of the Company into 1 ordinary share ("Share Consolidation"). The Share Consolidation was completed on 7 November 2014 when 28,529,587,385 existing ordinary shares were consolidated into 285,295,850 ordinary shares, after disregarding any fractions of ordinary shares arising from the Share Consolidation.

During the year, the Company made adjustments to outstanding Bonus Warrants, Piggyback Warrants, Share Option under CSOS and Exchangeable Notes arising from the Rights and Bonus Issues on 19 September 2014 and Share Consolidation on 7 November 2014.

On 31 December 2014, the Company granted a total of 796,000 share options under CSOS.

Types of Convertibles	Number of Outstanding Convertibles	Number of Shares that may be issued on conversion of all outstanding convertibles
As at 31 December 2014		
1. Bonus Warrants	59,531,652	59,531,652
2. Piggyback Warrants	9,333,224	9,333,224
3. Share Options under CSOS	3,714,667	3,714,667
4. Exchangeable Notes of S\$250,000 each	20	83,333,333
As at 31 December 2013		
1. Share Options under CSOS	19,690,300	19,690,300

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Unaudited	Number of shares
As at 31 December 2013	171,220,000
As at 31 December 2014	285,295,850

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

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as those used in the Group's most recently audited financial statements for the financial year ended 31 December 2013 ("FY2013"), except as disclosed in paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that were relevant to its operations and are effective for the financial periods beginning on or after 1 January 2014. The adoption of these new and revised FRS and INT FRS did not result in material adjustments to the Group's financial statements for the financial year ended 31 December 2014.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Loss per ordinary share	Group	
	31/12/2014 (Unaudited)	31/12/2013 (Restated)*
Loss net of tax attributable to owners of the Company (S\$'000)		
Continuing Operations	(7,642)	(998)
Discontinued Operation	(13,088)	(21,422)
Weighted average number of ordinary shares ('000)	92,288	1,825
Basic and diluted loss per ordinary share[†] (Singapore \$)		
Continuing Operations	(0.08)	(0.55)
Discontinued Operation	(0.14)	(11.74)

The basic loss per ordinary share as at 31 December 2014 and 2013 were computed by dividing the loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares.

[†] The basic and diluted loss per ordinary share are the same as the outstanding convertibles as at 31 December 2014 and 2013 and were anti-dilutive.

* Comparative weighted average number of ordinary shares and basic and diluted loss per ordinary share has been adjusted to reflect the effects of Rights and Bonus Shares Issues and Share Consolidation during the current financial year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31/12/2014 (Unaudited)	31/12/2013 (Audited)	31/12/2014 (Unaudited)	31/12/2013 (Audited)
Net Asset / (liability) value per ordinary share (Singapore cents)	7.64	(6.90)	9.18	(2.39)

The net asset / (liability) value per ordinary share as at 31 December 2014 and 2013 were computed based on the net assets and liabilities of the Group and the Company as at the end of the respective financial periods and based on 285,295,850 and 171,220,000 ordinary shares in issue as at the end of the respective financial years.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of Statement of Comprehensive Income

Financial year ended 31 December 2014 ("FY2014") vs Financial year ended 31 December 2013 ("FY2013")

Continuing Operations

The Group's continuing operations comprises Property Development and Info-Tech Related Businesses. In FY2014, 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.

HotApp incurred a small gross loss as the result of running cost - mainly employee and network operation related expenses - during the year. .

Marketing expenses comprised advertising costs incurred for promotion of sales of tenanted homes in Houston, Texas. Additional employee and other expenses were incurred by HotApp as part of its pre-launch activities.

Administrative expenses increased significantly over that in FY2013 mainly due to the following:

- legal and professional fees incurred arising from restructuring, issuance of Exchangeable Notes, disputes of contracts and disposal of CIPL totalling S\$857,000;
- share-based compensation (employee share options) of S\$237,000;
- additional corporate staff

Research & Development expenses related to employee, depreciation and other incidental expenses incurred for the software development of HotApp mobile application since the Group's acquisition of HotApp in late August of FY2014. These expenses were written off.

Other expenses in FY2014 were S\$2.96 million for net change in fair value of the derivative for the exchange rights held by holders of Exchangeable Notes and S\$468,000 write off of prepaid listing expenses. Prepaid listing expense was the excess of purchase consideration over the net liabilities acquired and arose from the acquisition of HotApp US.

Other income 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.

Tax expenses of S\$356,000 arose principally from withholding taxes accrued on interest income earned from advances to subsidiaries based outside Singapore.

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.

	Amounts (S\$'000)
Gain on de-recognition of net liabilities upon Disposal of CIPL	19,170
Provision for impairment of all amounts receivable from CIPL	(15,517)
Other losses of construction business during the year, principally from CIPL	(13,280)
Provision for claims arising from corporate indemnities issued and remained outstanding	(3,461)
	<u>(13,088)</u>

Review of Balance Sheet As at 31 December 2014 vs 31 December 2013

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

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

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

a) Properties under development

The Group had procured lands for development in Houston, Texas, USA (the "Black Oak" project) and Mandurah, Western Australia. These costs for FY2014 comprises principally land purchase costs and other costs such as project financing, project management and development costs.

b) Cash deposit pledged

The deposits pledged for 2014 were principally related to deposits placed as part the purchase of 27 developed properties for resale. The balance for 2013 were principally fixed deposits pledged to financial institutions for credit facilities granted to CIPL.

c) Provision for Claims

These represent contingent liabilities recognised by the Company and the Group arising from corporate indemnities provided to CIPL. The 2013 balance represented an estimate by CIPL of the potential legal claims arising from its construction activities.

d) Loans and borrowings

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

e) Derivative

The derivative represented fair value of exchange rights granted to the holders of the Exchangeable Notes. See paragraph 1(b)(ii) for details.

In addition to the changes noted above, significant changes in the Company's balance sheet are as follows:

Subsequent to the disposal of CIPL, at the entity level, the Company substantially impaired its investments in subsidiaries (that were significantly affected by Disposal of CIPL and subsequent liquidation of CIPL in August 2014) totalling S\$4.16 million to net value of approximately S\$498,000. The remaining balance of S\$427,000 represented the cost of investment in HotApps International, Inc.

The Company's FY2014 amount of S\$22,362,000 due from subsidiaries was net of impairment arising from the Disposal of CIPL. The balance represented advances to its subsidiaries to finance properties under development and recoverable from SCDPL of the derivative liability for exchange rights held by holders of the Exchangeable Notes.

Consolidated 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 from a capital deficiency of S\$11.8 million as at 31 December 2013. The improvement was due to the issuance of new shares pursuant to the exercises of Bonus and Piggyback Warrants and issuance of Rights and Bonus Shares (see 1(d)(i) for details).

Taking into account of proceeds from the issuance of these new shares, non-current loan and borrowings and de-recognition of net liabilities upon disposal of CIPL, the Group's net working capital position changed to a positive S\$24.8 million as at 31 December 2014, compared to a net working capital deficiency of S\$14.2 million as at 31 December 2013.

Review of Consolidated Cash Flow Statement

The Group's cash and cash equivalents had increased 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 mainly due to net cash of S\$61.3 million raised by issuance of new shares pursuant to the exercise of Bonus Warrants, Piggyback Warrants, issuance of Exchangeable Notes, and net borrowings.

Net cash used in operating activities in FY2014 amounted to S\$37.0 million. Operating activities before changes in working capital consumed S\$16.6 million in cash principally arising from S\$12.5 million of indemnities paid for called performance bonds. The balance were utilised by properties under development, in US and Australia, and other net working capital.

Net cash used in investing activities were S\$0.8 million principally due to a decrease in cash and cash equivalents relating to Disposal of CIPL and the acquisition of HotApp US and its subsidiaries.

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

The Group had, on 2 February 2015, issued a performance guidance announcement cautioning shareholders that the Group expected to report a loss for FY2014.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In FY2014, the Group implemented a strategy for corporate recovery via two engines of growth – a) Property Development and b) Info-Tech Related Businesses under its new corporate identity, **Singapore eDevelopment Limited**.

a) First Engine – Property Development

In FY2014, the Group embarked on property-related investments and development in the United States and Australia.

The Group's first U.S. property project – a land infrastructure development and sub-division project in Houston, Texas ("Black Oak") – was acquired in February 2014. To date, 61% of the total lots had received pre-sales commitments for a total value of US\$28.8 million. The

Group has also increased its stake in Black Oak from 60% to 64% and expects to recognise revenue from Black Oak over four years commencing from FY2015.

In January 2015, the Group announced the acquisition of its second U.S. property project – a 197-acre land sub-division development, near Washington D.C., in Frederick County, Maryland (“Ballenger Run”). The Group had simultaneously secured pre-sales commitments for 52% of Ballenger Run’s units representing 89% of the project’s gross development value of approximately US\$67.1 million – through agreements with NYSE-listed homebuilder, NVR Inc. The Group expects to complete the land purchase in August 2015 and Ballenger Run is expected to generate revenue for the Group over five years commencing FY2016.

In addition, the Group embarked on an initiative to market completed U.S. single-family homes, with existing tenants, to Asian investors. The Group believes that home incubation will offer attractive internal rates of return due to the compressed sales cycle and has since acquired 27 such homes, of which, 21 have received purchase interests. The Group will explore opportunities to enhance the scale of this business activity.

Apart from its U.S. properties, the Group holds three waterfront residential sites in Mandurah City, Perth, Australia. The Group expects to obtain final development approval and commence development works within this 1st half year. The delay in obtaining the approval was due to the change from development of townhouses and bungalows into 11 apartment units which are more receptive to buyers in Australia and Asia. The Group expects to market the development this year and complete the development within 18 months from obtaining development approval.

b) Second Engine – Info-Tech Related Businesses

As part of the second engine of growth, the Group acquired HotApps International Pte. Ltd (“HotApp SG”) – which owns the HotApp application (“HotApp”) – in August 2014 as part of the Group’s strategic shift to leverage on growth via information technology businesses. HotApp is intended to offer a combination of instant messaging, voice communications as well as discussion rooms, among others. To date, there has been a number of corporate developments related to HotApp SG following its acquisition:

- On 4 September 2014, an over-the-counter bulletin board (“OTCBB”) – Fragmented Industry Exchange Inc. (“FIE”) – since been renamed to HotApp International Inc. (“Hotapp US”) – announced its intention to acquire HotApp SG for US\$700 million in shares and bonds. The acquisition – which allows HotApp SG to tap the U.S. capital markets to fund its growth as well as accelerate its launch in U.S. and Latin American markets – was completed on 21 October 2014. (See announcements dated 4 & 16 September 2014 and 15 October 2014.)
- On 2 February 2015, the Group announced the incorporation of HotApp Guangzhou Technology Limited Company (“HotApp GZ”) – and HotApps Call Pte Ltd (“HotApp Call”). HotApp GZ will be engaged in sale, marketing and development of the “app” in China while HotApp Call will be engaged principally in the provision of marketing and distribution of value cards tied to the HotApp.

The Group intends to launch HotApp in Asia in 1st quarter of 2015.

The Group intends to expand its efforts in the Info-Tech Related Business apart from developing applications for instant and voice messaging, social media and e-commerce platforms for consumer. It will also explore related business opportunities including offering HotApp as a dedicated platform for enterprises and other mobile developers and will also consider incubating start-ups with potential that can be accelerated by such a platform.

c) Capital Structure Review

In the coming year, the Company shall review its cost effectiveness of its current debt and capital structure and proposed issuance to enhance shareholder values. In view of this corporate initiative, the Company shall not proceed with its proposed S\$300 million profit

participating perpetual bonds until such review is completed. The Company shall make further announcement as appropriate.

11. Dividend

(a) Current Financial Period Reported On	None
(b) Corresponding Period of the Immediately Preceding Financial Year	None
(c) Date payable	Not Applicable
(d) Books closure date	Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for FY2014.

13. Update on use of proceeds

The usage of Net Proceeds from Rights Issue as at the date of this announcement after the reallocations ("Reallocations") announced on 30 December 2014 is set out below:

	Percentage allocation as disclosed in OIS	Amount of Rights Proceeds			
		Before the Reallocation (S\$'000)	After the Reallocation and as at the date of this announcement		
			Allocated (S\$'000)	Utilised (S\$'000)	Unutilised (S\$'000)
Discharging existing obligations under construction business and redemption of liabilities	15%	6,096	8,536	(7,914)	622
Exploration of and investment in new project opportunities under the Group's Property Development Business	30%	12,193	2,032	(2,369)	(337)
Temporary finance to Existing Property Development Projects	0%	-	10,161	(9,170)	991
Exploration of and investment in new project opportunities under the Group's Information Technology Business	30%	12,193	9,753	(1,750)	8,003
Investment Business	15%	6,096	6,096	-	6,096
General working capital	10%	4,064	4,064	(4,307)	(243)
Total	100%	40,642	40,642	(25,510)	15,132

In respect of the usage of the Net Proceeds for working capital, the following were the principal disbursements as at the date of this announcement:

The Group (S\$'000)	
Professional fees	1,281
Payroll	1,600
Exchangeable Notes - Interest	900
Rental, office expenditure and other operating expenses	526
	4,307

14. Interested Person Transactions (unaudited) – FY2014

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (excluding transactions less than S\$100,000)
Exchangeable Notes		
▪ Liew Sen Keong ⁽¹⁾	S\$500,000	-
▪ Chan Heng Fai ⁽²⁾	S\$2,500,000	-
▪ Teh Wing Kwan ⁽³⁾	S\$500,000	-
Interest accrued on Exchangeable Notes		
▪ Chan Heng Fai ^{(2) (4)}	S\$539,700	-
▪ Teh Wing Kwan ⁽³⁾	S\$77,100	-
Transactions for purchase of services		
▪ Inter-America Management Corp ⁽⁵⁾	-	S\$831,674

Notes:

- (1) Mr Liew resigned as the Chief executive Officer of the Company on 14 April 2014 and ceased to be a director of the Company on 28 April 2014.
- (2) Mr Chan Heng Fai is an Executive Director and was appointed as Chief Executive Officer of the Company as of 28 April 2014
- (3) Mr Teh Wing Kwan is a Non-Executive Director of the Company.
- (4) Mr Chan Heng Fai, acquired additional notes from other noteholders subsequent to the issuance of Exchangeable Notes.
- (5) Inter-America Management Corp, a company which is indirectly 55.93% held by Mr Chan Heng Fai and his immediate family and accordingly an associate of Mr Chan Heng Fai.

In addition to the above, Mr Liew had provided an unsecured interest-free loan of S\$3.0 million which is payable in full in 3 years from 23 January 2014. Mr Chan Heng Fai had also provided a personal guarantee for the short term loan of A\$0.63 million from an Australian financial institution for the Mandurah development in Perth. Please refer to section 1(b)(ii) for further details.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements with comparative information for the immediate preceding year.

	Construction (Discontinued Operation)		Property Development		Info-Tech Related Businesses	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment Revenue	15,518	92,341	-	-	-	-
Segment Results						
Gross Loss	(1,765)	(2,614)	-	-	(41)	-
Net Loss before tax	(13,088)	(21,422)	(1,869)	-	(718)	-

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

During the financial year, only construction activities generated revenue which was entirely from Singapore. Property Development did not earn any revenue as all properties were still in the development stage and Info-Tech Related Businesses comprised HotApp, the newly acquired mobile application, was in the final stage of development pending commercial launch.

17. A breakdown of sales

	FY2014 (Unaudited)			FY2013 (Restated)			Changes %
	Continuing Operations S\$'000	Discontinued Operation S\$'000	Total S\$'000	Continuing Operations S\$'000	Discontinued Operation S\$'000	Total S\$'000	
Sales reported:							
1 st Half Year	-	13,773	13,773	-	41,638	41,638	(66.92)
2 nd Half Year	-	1,745	1,745	-	50,703	50,703	(97)
Operating (Loss) / Profit after tax:							
1 st Half Year	(1,879)	(3,834)	(5,713)	(452)	384	(68)	8,301
2 nd Half Year	(5,776)	(9,254)	(15,030)	(658)	(21,694)	(22,352)	(33)

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable

17 Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or CEO or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There was no person occupying a managerial position in the Company and/or its subsidiaries who is a relative of a director, CEO or substantial shareholder of the Company and/or its subsidiaries during FY2014 pursuant to Rule 704(10) of the Catalist Rules.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
27 February 2015

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

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

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