



SINGAPORE eDEVELOPMENT LIMITED

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

Unaudited Financial Statement for the Six Months Ended 30 June 2015

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 Six Months ended		
	6/30/2015 Unaudited	6/30/2014 Restated*	Increase/ (Decrease)
	S\$'000	S\$'000	%
Continuing operations			
Revenue	3,365	-	nm
Cost of sales	(2,549)	-	nm
Gross profit	816	-	
<i>Gross profit %</i>	24.2%		
Other income	2,464	-	nm
Marketing expenses	(973)	-	nm
Administrative expenses	(2,383)	(1,102)	116
Research and Development	(749)	-	nm
Other expenses	(541)	(692)	(22)
Loss from continuing operations	(1,366)	(1,794)	(24)
Finance costs	(18)	(83)	(78)
Loss before tax from continuing operations	(1,384)	(1,877)	(26)
Income tax expense	-	-	
Loss from continuing operations, net of tax	(1,384)	(1,877)	(26)
Discontinued operation			
Loss from discontinued operation, net of tax	(324)	(3,835)	(92)
Loss for the period	(1,708)	(5,712)	(70)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(1,353)	(1,877)	(28)
Loss from discontinued operation, net of tax	(324)	(3,835)	(92)
	(1,677)	(5,712)	(71)
Non-controlling interests			
Loss from continuing operations, net of tax	(31)	-	nm
Loss from discontinued operation, net of tax	-	-	
	(31)	-	
	(1,708)	(5,712)	(70)
Other comprehensive income:			
Foreign currency translation	(12)	(1)	nm
Total comprehensive income for the period	(1,720)	(5,713)	(70)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(1,365)	(1,878)	(27)
Loss from discontinued operation, net of tax	(324)	(3,835)	(92)
	(1,689)	(5,713)	(70)
Non-controlling interests			
Loss from continuing operations, net of tax	(31)	-	nm
Loss from discontinued operation, net of tax	-	-	
	(31)	-	
Total comprehensive income for the period	(1,720)	(5,713)	(70)

nm = Not Meaningful

- * During 2014, subsequent to the disposal of CCM Industries Pte Ltd ("CIPL"), the Group reviewed its remaining construction activities undertaken by its wholly owned subsidiary, Singapore Construction Pte. Ltd. ("SCPL"). The construction business had been underperforming for the last two years and with the expansion of the Group's activities into property development and information technology business, the Group had decided to discontinue its construction business and reported all activities of CIPL prior to its disposal, and SCPL as part of discontinued operation in financial year ended 31 December 2014. Accordingly, the Group has re-presented the unaudited consolidated statement of comprehensive income and unaudited consolidated cash flow statement for six month ended 30 June 2014 in relation to the discontinued operation separately from the continuing operations.

Notes to Consolidated Statement of Comprehensive Income	Group Six months ended		
	30/6/2015 Unaudited	30/6/2014 Restated	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss for the period is arrived at:			
After charging:			
Depreciation of property, plant and equipment	25	301	(92)
Interest expense	25	52	(52)
Amortised cost of Employee Share Options	162	91	78
Provisions of impairment of receivable from			
- disposed subsidiary	-	10,330	nm
- others	268	-	nm
Significant legal and professional fees (reported as Other expenses above)			
- restructuring	-	261	nm
- disposal of CIPL	-	165	nm
Unrealised foreign exchange losses	-	79	nm
And crediting:			
Gain on disposal of subsidiary	-	19,170	nm
Gain on disposal of property, plant and equipment	-	12	nm
Net fair value adjustment on derivative liability	2,141	-	nm
Write back of prepaid listing expense previously written off	113	-	nm
Interest income	16	-	nm
Unrealised foreign exchange gains	307	-	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

	Group		Company	
Balance Sheets	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	158	128	8	9
Software cost	98	98	-	-
Investment in subsidiaries	-	-	926	926
	<u>256</u>	<u>226</u>	<u>934</u>	<u>935</u>
Current assets				
Trade and other receivables	215	298	24	3
Prepaid operating expenses	126	181	86	69
Properties under development	19,964	17,278	-	-
Inventories	2,273	-	-	-
Due from subsidiaries	-	-	28,387	22,362
Cash in Escrow	2,019	344	-	-
Cash and bank balances	12,617	21,184	6,792	15,488
	<u>37,214</u>	<u>39,285</u>	<u>35,289</u>	<u>37,922</u>
Total assets	<u>37,470</u>	<u>39,511</u>	<u>36,223</u>	<u>38,857</u>
Current liabilities				
Provision for claims	1,761	3,461	1,761	3,461
Trade and other payables	1,166	1,940	255	795
Due to subsidiaries	-	-	476	486
Accrued operating expenses	1,960	1,577	384	556
Derivative	3,302	5,869	3,302	5,869
Loans and borrowings	2,172	1,609	1,500	1,500
	<u>10,361</u>	<u>14,456</u>	<u>7,678</u>	<u>12,667</u>
Net current assets	<u>26,853</u>	<u>24,829</u>	<u>27,611</u>	<u>25,255</u>
Non-current liabilities				
Loans and borrowings	5,701	3,269	2,692	-
Total liabilities	<u>16,062</u>	<u>17,725</u>	<u>10,370</u>	<u>12,667</u>
Net Assets	<u>21,408</u>	<u>21,786</u>	<u>25,853</u>	<u>26,190</u>
Equity attributable to owners of the Company				
Share capital	68,539	67,359	68,539	67,359
Other reserves	380	230	399	237
Retained earnings	(47,466)	(45,789)	(43,085)	(41,406)
	<u>21,453</u>	<u>21,800</u>	<u>25,853</u>	<u>26,190</u>
Non-controlling interests	(45)	(14)	-	-
Total equity	<u>21,408</u>	<u>21,786</u>	<u>25,853</u>	<u>26,190</u>
Total equity and liabilities	<u>37,470</u>	<u>39,511</u>	<u>36,223</u>	<u>38,857</u>

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

	As at 30/6/2015 (Unaudited)		As at 31/12/2014 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand				
Loan from a former director	-	1,500	-	1,500
Loan from a HotApp's former shareholder	-	-	-	109
Mandurah Loan - current	672	-	-	-
Amount repayable in one year or less, or on demand	672	1,500	-	1,609
Amount repayable after one year				
Exchangeable Notes	3,008	-	2,582	-
Private bond	2,693	-	-	-
Mandurah Loan - non-current	-	-	687	-
	5,701	-	3,269	-
Total Loans and Borrowings	6,373	1,500	3,269	1,609

The outstanding loans of the Group as at 30 June 2015 are as follows:

- S\$1.5 million from an original S\$3.0 million unsecured interest-free loan from a former director. The former director 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 the former director 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. To-date, the former director had failed to procure such replacement.

On 18 March 2015, the former director had demanded the repayment of the remaining S\$1.5 million. Given the failure of the former director to procure the replacement guarantees, the Company had formally counterclaimed against the former director for S\$8.49 million due to performance bonds called and indemnified by the Company as a result of these corporate guarantees. The amounts counterclaimed by the Company remain outstanding.

- On 16 February 2014, Singapore Construction & Development 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:

	30-Jun-15	31-Dec-14	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.
Exchange Rights	3,302	5,869	
Straight Borrowing	3,008	2,582	
Total	6,310	8,451	

- A\$0.63 million (S\$0.67 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 two other executive directors 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\$0.11 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. The loan was waived subsequent to 31 December 2014, as part of the Group's acquisition of the shares from the former shareholder in late FY2014.

- On 20 May 2015, the Company issued an 8% US\$2 million (S\$2.69 million) profit participating private bond maturing in 2017 to an independent party. The bond confers a right for the bondholder to receive in aggregate 30% of the total cash received (net of taxes, including but not limited to withholding tax, if any) from the final distribution of net profits derived from property development projects in the USA and attributable directly to the Group's equity participation in these property development project.

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	1H2015 Unaudited S\$'000	1H2014 Restated S\$'000
Operating activities		
Loss before tax from continuing operations	(1,384)	(1,877)
Loss before tax from discontinued operation	(324)	(3,835)
Loss before tax, total	(1,708)	(5,712)
Adjustments for:-		
Depreciation of property, plant and equipment	25	301
Gain on disposal of property, plant and equipment	-	(12)
Gain on disposal of a subsidiary	-	(19,170)
Net fair value adjustment on derivative liability	(2,141)	-
Amortised cost of Employee Share Options	162	91
Provision for doubtful debt	268	10,330
Prepaid listing expenses written back	(113)	-
Withholding tax expenses	527	-
Unrealised exchange (gain)/loss	(307)	34
Finance costs	25	52
Finance income	(16)	-
Operating cash flows before changes in working capital	(3,278)	(14,086)
Changes in working capital:-		
(Increase) / Decrease in trade and other receivables	(186)	410
Decrease / (Increase) in prepaid operating expenses	55	(363)
Increase in gross amount due from customers for contract work-in-progress	-	(7,751)
Increase in properties held for sales	(1,902)	-
Increase in properties under development	(2,427)	(12,904)
Increase in deposit paid for properties	(2,019)	-
(Decrease) / Increase in trade and other payables	(799)	17,518
(Decrease) / Increase in accrued operating expenses	(979)	244
Cash flows used in operations	(11,535)	(16,932)
Interest received	16	-
Interest paid	(900)	(52)
Net cash flows used in operating activities	(12,419)	(16,984)
Investing activities		
Purchase of property, plant and equipment	(55)	(11)
Proceeds from disposal of plant and equipment	-	27
Decrease in cash and cash equivalent on disposal of a subsidiary	-	(227)
Net cash flows used in investing activities	(55)	(211)
Financing activities		
Proceeds from loans and borrowings	-	8,899
Proceeds from issuance of new ordinary shares	-	11,044
Proceeds from issuance of private bond	2,692	-
Proceeds from private placement	1,215	-
Proceeds from issuance of exchangeable notes	-	4,000
Proceeds from loans from directors / shareholder	-	3,000
Repayments of loans and borrowings	-	(5,785)
Repayments of obligations under finance lease	-	(57)
Increase in deposits pledged	-	(337)
Share issuance expenses	-	(138)
Net cash generated from financing activities	3,907	20,626
Net (decrease) / increase in cash and cash equivalents	(8,567)	3,431
Cash and cash equivalents at beginning of financial period	21,184	(2,297)
Cash and cash equivalents at end of financial period	12,617	1,134

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	Foreign currency			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	67,359	-	237	(7)	(45,789)	21,800	(14,569)
Loss of the financial period	-	-	-	-	(1,677)	(1,677)	(31,250)
Foreign currency translation	-	-	-	(12)	-	(12)	-
Total comprehensive income for the period	-	-	-	(12)	(1,677)	(1,689)	(31,262)
Issuance of new ordinary shares pursuant to the placement ⁽²⁾	1,215	-	-	-	-	1,215	-
Placement issuance expenses	(35)	-	-	-	-	(35)	-
Grant of equity-settled share options to employees	-	-	162	-	-	162	-
Balance at 30 June 2015	68,539	-	399	(19)	(47,466)	21,453	(45,821)
Balance at 1 January 2014	15,809	(2,569)	-	-	(25,059)	(11,819)	-
Loss of the financial period	-	-	-	-	(5,712)	(5,712)	-
Foreign currency translation	-	-	-	(1)	-	(1)	-
Total comprehensive income for the period	-	-	-	(1)	(5,712)	(5,713)	-
Grant of equity-settled share options to employees	-	-	91	-	-	91	-
Disposal of a subsidiary	-	2,569	-	-	-	2,569	-
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽¹⁾	11,044	-	-	-	-	11,044	-
Share issuance expenses	(138)	-	-	-	-	(138)	-
Balance at 30 June 2014	26,715	-	91	(1)	(30,771)	(3,966)	-

The Company (Unaudited)	Attributable to owners of the Company			
	Share capital	Share option reserve	Accumulated losses	Total equity / (Capital deficiency)
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	67,359	237	(41,406)	26,190
Loss net of tax, representing total comprehensive income for the year	-	-	(1,679)	(1,679)
Issuance of new ordinary shares pursuant to the Placements ⁽²⁾	1,215	-	-	1,215
Share issuance expenses	(35)	-	-	(35)
Grant of equity-settled share options to employees	-	162	-	162
Balance at 30 June 2015	68,539	399	(43,085)	25,853
Balance at 1 January 2014	15,809	-	(19,895)	(4,086)
Loss net of tax, representing total comprehensive income for the year	-	-	(9,109)	(9,109)
Grant of equity-settled share options to employees	-	91	-	91
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants ⁽¹⁾	11,044	-	-	11,044
Share issuance expenses	(138)	-	-	(138)
Balance at 30 June 2014	26,715	91	(29,004)	(2,198)

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 comparative period, 1,059,971,000 Shares had been issued for S\$11,045,000 pursuant to the exercise of Bonus Warrants and Piggyback Warrants. Following the 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. Please refer to Note 1 paragraph 1(d)(ii) below for information in relation to the outstanding Bonus Warrants and Piggyback Warrants.

- (2) On 16 June 2015, the Company entered into a placement agreement with an unrelated person under which 15 million new shares ("Subscription Shares") would be issued at S\$0.081 per share. The Company had received the proceeds of S\$1.2 million from the subscriber as of 30 June 2015 and allotted the Subscription Shares on 20 July 2015.

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 (\$'000)
As at 31 December 2014 (audited)	285,295,850	67,359
As at 30 June 2015 (unaudited)	285,295,850	68,539

As at 30 June 2015, the Company had received the subscription proceeds of S\$1.2 million for Subscription Shares but only allotted the Subscription Shares on 20 July 2015 and accordingly accounted the receipt as additional share capital as at 30 June 2015. (Please refer to paragraph 1(d)(i)(2) above for information in relation to Subscription Shares.)

Types of Convertibles	Number of Outstanding Convertibles	Number of Shares that may be issued on conversion of all outstanding convertibles
As at 30 June 2015		
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 30 June 2014*		
a) Bonus Warrants	59,538,445	59,538,445
b) Piggyback Warrants	9,326,431	9,326,431
c) Share Options under CSOS	2,918,667	2,918,667
d) Exchangeable Notes of S\$250,000 each	20	83,333,333

- * Subsequent to 30 June 2014, the Company adjusted the 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. The number of outstanding convertibles and the number of Shares that might be issued on conversion as at 30 June 2014 as disclosed above had been adjusted to reflect these adjustments.

The Company did not have any treasury shares as at 30 June 2015 and 2014.

- 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.**

	Number of shares
As at 31 December 2014	285,295,850
As at 30 June 2015	285,295,850

The Company did not have any treasury shares as at 30 June 2015 and 31 December 2014.

- 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 2014 ("FY2014"), 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 2015. The adoption of these new and revised FRS and INT FRS did not result in material adjustments to the Group's financial statements for the financial period ended 30 June 2015.

- 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 Six Months ended	
	30/6/2015	30/6/2014
	(Unaudited)	(Unaudited)*
Loss net of tax attributable to owners of the Company (S\$'000)		
Continuing Operations	(1,353)	(1,877)
Discontinued Operation	(324)	(3,835)
Weighted average number of ordinary shares ('000)	285,296	15,255
Basic and diluted loss per ordinary share[†] (Singapore cents)		
Continuing Operations	(0.47)	(12.30)
Discontinued Operation	(0.11)	(25.14)

The basic loss per ordinary share as at 30 June 2014 and 2015 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 30 June 2014 and 2015 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 preceding 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	
	30/6/2015 (Unaudited)	31/12/2014 (Audited)	30/6/2015 (Unaudited)	31/12/2014 (Audited)
Net Asset value per ordinary share (Singapore cents)	7.50	7.64	9.06	9.18

The net asset value per ordinary share as at 30 June 2015 and 31 December 2014 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 ordinary shares in issue as at the end of the respective financial period.

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

Review of Statement of Comprehensive Income

Six Months ended 30 June 2015 ("1H2015") vs Six Months ended 30 June 2014 ("1H2014")

Continuing Operations

The Group's continuing operations for 1H2015 comprise Property Development and Information Technology Related Businesses.

During 1H2015,

- a. Property Development Business initiated a Home Incubation programme, having acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, USA, for resale. During 1H2015, the Group delivered 14 units to buyers and, accordingly, recognised S\$3.3 million and S\$0.7 million as revenue and gross profit respectively. As at 30 June 2015, 13 units of such homes remained on hand. Ten of these units have been pre-sold and are expected to be handed over during 2H2015.

Pending handover of the units to buyers, the Group recognised S\$64,000 of rental income from existing tenants in 1H2015.

- b. Information Technology Business associated with HotApp (which was acquired in August 2014) did not generate any revenue.

Marketing expenses comprise advertising costs incurred for sales and promotions of tenanted homes in Houston. Additional promotional and administrative expenses were incurred by HotApp as part of its initial launch in the People's Republic of China ("PRC") and user acquisition activities during 1H2015.

Administrative expenses increased significantly over that of 1H2014 mainly due to the following:

- Additional S\$0.1 million of expenses associated with U.S. property development activities;
- Additional S\$0.5 million of expenses associated with HotApp;
- Additional S\$0.1 million of amortised employee stock option cost;
- Additional S\$0.3 million of salary and related expenses due to additional corporate staff; and
- Additional S\$0.2 million of other operating expenses principally higher office rental, insurance, travelling and entertainment expenses.

The depreciation expense of S\$25,000 in 1HY2015 relates principally to plant and equipment deployed for the Information Technology Business whereas the depreciation expense of S\$0.30 million in 1HY2014 was mainly due the plant and equipment deployed for the discontinued operations.

The interest expenses of S\$25,000 in 1HY2015 relates principally to the 8% US\$2 million bond to be deployed in the property development business whereas the interest expenses of S\$52,000 in 1HY2014 was mainly due to the financing of the discontinued operations.

The Group had written off Research & Development expenditure totalling S\$0.75 million related to employee costs, depreciation and other incidental costs incurred for the software development of the HotApp mobile application.

Other income in 1H2015 was principally 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 previously recognised as a loss during FY2014 (see also paragraph 1b(ii)). The Group also recognised S\$0.3 million in unrealised foreign exchange gains arising from appreciation of the US Dollar during 1H2015 on US Dollar-based loans to the Group's property development operations in the U.S.

Discontinued Operations

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, SCPL. The construction business had been underperforming for the last two years. Following the expansion into property development and information technology business, the Group discontinued its construction business and reported all activities of CIPL prior to its disposal, and SCPL as part of discontinued operations in the financial year ended 31 December 2014.

The loss of S\$0.3 million incurred during 1H2015 related to provision for doubtful debt and additional administrative expenses.

Review of Balance Sheet As at 30 June 2015 vs 31 December 2014

a) Properties under development

The Group had earlier procured lands for development in Houston, Texas, USA (the "Black Oak" project) and Mandurah, Western Australia. Related costs principally comprise land purchase and other costs such as project financing, project management and development costs. Additional development and financing costs have been incurred since December 2014.

b) Inventories

The Group had acquired 27 units of tenanted single-family homes in El Tesoro, Houston, Texas, for resale in March 2015. As at 30 June 2015, there remained 13 units of such homes on hand. Ten units have been pre-sold and are expected to be handed over to buyers during 2H2015.

c) Cash in Escrow

The balance for 2014 principally relates to deposits placed for El Tesoro homes whilst the amount for 2015 is for deposits placed in respect of the land purchase relating to the Ballenger Run Project. The land purchase for the latter is contracted to complete by end of August 2015.

d) Provision for Claims

These represent contingent liabilities recognised by the Company and the Group arising from corporate indemnities provided to CIPL. In May 2015, the Housing Development Board, as the project owner of a CIPL legacy project, demanded payment of S\$2.8 million under a performance bond ("Demanded Amount") against which the Company had provided corporate indemnity. On 30 June 2015, the Company entered into a settlement agreement with the issuer of the performance bond for the Demanded Amount paid by it. Under the settlement agreement, the Company had paid S\$1.7 million of the Demanded Amount and shall pay the balance by instalments before 30 June 2016. The Company shall also indemnify the issuer against further calls for up to the aggregate and final sum of S\$0.6 million (being the balance of the total S\$3.4 million guaranteed sum).

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.

f) Loans and borrowings

On 20 May 2015, the Group issued an 8% participating US\$ 2 million bond maturing on 19 May 2017. In addition, the Group had outstanding Exchangeable Notes, property loan for the Mandurah project and interest-free loan from a former director. See paragraph 1(b)(ii) for details.

Review of Consolidated Cash Flow Statement

The Group's cash and cash equivalents had decreased by S\$8.6 million from S\$21.2 million as at 31 December 2014, mainly due to net cash used in operating activities during 1H2015 amounting to S\$12.4 million. Operating activities before changes in working capital consumed S\$3.3 million in cash, principally arising from software development by HotApp. Approximately S\$6.4 million was deployed for the Group's various property development projects in the U.S. and Australia, payment of S\$0.9 million in interest to holders of exchangeable notes and S\$2.2 million paid in connection to indemnities for called performance bonds, offset by other net working capital.

In financing activities, the Group raised a total of S\$3.9 million from an 8% US\$2 million private participating bond and S\$1.2 million under a placement agreement during the period.

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 11 June 2015, issued a performance guidance announcement cautioning shareholders that the Group expected to report a loss for 1H2015.

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.

Property Development

As part of the Group's long-term growth strategy, the Group had announced the establishment of SeD Development Management LLC, a property development management company in the U.S. The Group also terminated the service agreements with Inter-American Development LLC ("IAD"). SeD Development Management LLC will internalise the functions previously undertaken by IAD.

Beside the Group's first U.S. property project – a land infrastructure development and sub-division project in Houston, Texas ("Black Oak") – the Group also embarked on a new home incubation initiative to market completed U.S. single-family homes in Houston, with existing tenants, to Asian investors. The Group will continue to source home incubation opportunities that will offer attractive internal rates of return due to the compressed sales cycle.

The Group announced the acquisition of its second U.S. property project in January 2015 – 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 is contracted to complete the land purchase in August 2015 and to recognise revenue from Ballenger Run over five years commencing FY2016.

On 28 May 2015, the Group entered into an MOU with QingJian International of China ("QingJian") for the latter to take up 35% of total equity units in SeD Maryland Development LLC ("SeD Maryland"), a subsidiary company of the Company and the project company for the Ballenger Run project. SeD Maryland is in the process of finalising an agreement with QingJian. The agreement allows SeD Maryland to capitalise on the resources and experience of the Group and QingJian to achieve synergies in the development of the Ballenger Run Project.

The Group has entered into a Strategic Cooperation Agreement with Guotsing Holding Group Co. Ltd (a subsidiary of QingJian International Group Co Ltd), whereby both parties will cooperate and jointly pursue projects of mutual interests in finance, engineering, construction and business investment in Asia, North America and Africa. Parties shall cooperate in good faith and with a long-term strategic view to share benefits, risks and gains in each future project of mutual interests.

Apart from its U.S. properties, the Group holds three waterfront residential sites in Mandurah City, Perth, Australia. The Group expects to market the development this year and complete the development within 18 months of obtaining development approval.

Information Technology

The mobile application landscape continues to evolve rapidly, with several recent high-profile transactions involving leading industry players as they each compete for the growing mobile market. In order to achieve this, many mobile app providers have been introducing a variety of features into their product offerings.

HotApp, the Group's flagship mobile application, aims to be an integrated mobile platform for individuals and businesses around the world, driven by the core principles of Communication, Community and Commerce.

Toward this end, the Group had launched HotApp that offers, amongst other functions, community chatroom functions in Guangzhou, PRC at end of 1Q2015.

During 2H2015, the Group expects to expand HotApp's functionalities to include online-to-offline e-commerce solutions, alongside the development and maintenance of platforms for online communities. In addition, the Group will release HotApp outside the PRC and develop a localisation strategy to adapt to individual market needs.

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 financial period ended 30 June 2015.

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 Net Proceeds				
		In accordance with percentage allocation as disclosed in OIS (S\$'000)	After the Reallocations and as at the date of this announcement			
			Reallocated (S\$'000)	Utilised (S\$'000)	Deviations (S\$'000)	Unutilised after deviations (S\$'000)
Discharging existing obligations under construction business and redemption of liabilities	15%	6,096	8,536	(9,944)	(1,408) ^a	-
Exploration of and investment in new project opportunities under the Group's Property Development Business	30%	12,193	2,032	(7,619)	(5,587) ^b	-
Temporary financing to existing property development projects	-	-	10,161 ^c	(9,987)	-	174
Exploration of and investment in new project opportunities under the Group's Information Technology Business	30%	12,193	9,753	(3,338)	3,003 ^{a,d}	3,412
Investment Business	15%	6,096	6,096	(100)	5,587 ^b	409
General working capital	10%	4,064	4,064	(5,659)	(1,595) ^d	-
Total	100%	40,642	40,642	(36,647)	-	3,995

Set out below is a summary of uses of Net Proceeds since the receipt of the Net Proceeds:

- an aggregate amount of S\$9.9 million had been used in the discharge of existing obligations under the Company's construction business and redemption of liabilities to fulfil the Company's obligations under outstanding legacy corporate indemnities.
- an aggregate of S\$7.6 million had been 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).
- an amount of S\$10.2 million^c initially allocated for the exploration of and investment in new project opportunities under the Group's Property Development Business has been reallocated for use in the temporary financing of the Company's existing property development projects, namely Black Oak and Mandurah projects.
- an aggregate amount of S\$5.7 million had been used in General Working Capital of the Group and details of principal disbursements are set below:

The Group (S\$'000)	
Professional fees	1,702
Payroll	1,728
Exchangeable Notes - Interest	900
Director fees	346
Rental, office expenditure and other operating expenses	983
	5,659

14. Interested Person Transactions (unaudited) – 1H2015

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)
Interest accrued on Exchangeable Notes ⁽¹⁾		
▪ Chan Heng Fai ⁽²⁾	S\$315,000	-
▪ Teh Wing Kwan ⁽³⁾	S\$45,000	-
Transactions for purchase of services		
▪ Inter-America Management LLC ⁽⁴⁾	-	S\$440,276

Notes:

- (1) Issuances of Exchangeable Notes to Mr Chan Heng Fai and Mr Teh Wing Kwan were approved by specific resolutions during an Extra-ordinary General Meeting on 20 November 2013.
- (2) Mr Chan Heng Fai is an Executive Director and Chief Executive Officer of the Company
- (3) Mr Teh Wing Kwan is a Non-Executive Director of the Company.
- (4) During 1H2015, Inter-America Management LLC, was indirectly 55.93% held by Mr Chan Heng Fai and his immediate family and accordingly an associate of Mr Chan Heng Fai.

Mr Chan Heng Fai had also provided a personal guarantee for the short-term loan of A\$0.63 million from an Australian financial institution for the Mandurah development in Perth. Please refer to section 1(b)(ii) for further details.

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

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the financial period ended 30 June 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
21 July 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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