Annual Report 2015

Singapore eDevelopment Limited

Contents

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

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Company Profile

Incorporated on 9 September 2009 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") since July 2010, Singapore eDevelopment Limited ("SeD" and together with its subsidiaries, the "Group") underwent a restructuring and name change in 2014. Under its new corporate identity, SeD is involved in (i) international property development; (ii) information technology-related businesses; and (iii) capital markets services.

SeD will continue to pursue corporate recovery leveraging on the management's expertise and experience with a view to enhancing shareholder value.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report for Singapore eDevelopment Limited ("SeD" or the "Group") for the financial year ended 31 December 2015 ("FY2015").

We had unveiled our new corporate identity of Singapore eDevelopment in August 2014, thereby looking forward to a new future as we exited the loss-making Singapore construction business. We embarked on two growth strategies that we hope will deliver shareholder value – International Property Development and Information Technology Businesses. FY2015 was the first full year executing these strategies. Despite the uncertain economic outlook, we managed to reduce our losses as we began investing in these new strategies. I am pleased to outline business and corporate updates on our progress.

International Property Development

Our International Property Development business has been a priority in the past two years. We leveraged on the expertise and network of our directors and management to grow this arm and currently have sub-division and infrastructure development projects in Texas ("Black Oak") and Maryland ("Ballenger Run"). Having secured construction loans for both projects, after some delays in the year under review, both projects are progressing.

In November 2015, we purchased a terraced residential property in Washington DC for renovation and resale. This is our second home incubation project in the U.S., after an earlier exercise under which we acquired several single-family homes with existing tenants, and marketed them to Asian investors. Projects such as these have shorter business cycles, allowing us to record revenue and profits while the bigger land sub-division ventures are projected to bear fruit over a span of several years.

We have reorganised our property division by transferring our U.S. subsidiaries to SeD Home Inc. ("SeD Home"), a U.S. incorporated company. This restructuring allows the Group's U.S. property development arm to streamline its business activities to achieve better efficiency, productivity and synergies as well as facilitate future fundraising if and when required.

We have also initiated a collaboration with a large diverse investment holding company, Guotsing Holding Group Co Ltd – the parent company of Qingjian International Group Co., Ltd. – to jointly pursue finance, engineering, construction and investment projects in Asia, North America and Africa. We will continue to look for partnerships that will enhance shareholder value.

Information Technology Businesses

In the year under review, we continued to develop and enhance our mobile messaging app, HotApp. The Group launched HotApp – with community chatroom functions, amongst others – in Guangzhou, PRC, at the end of 1Q2015. In 2H2015, the Group expanded HotApp's functionalities to include app-to-app calls via the Internet. The Group also released an international beta-version of HotApp in Malaysia, Singapore and Spain.

The Group had intended to allocate a portion of the net proceeds from the Rights cum Warrants Issue in 2015 for continuous development and marketing of HotApp. However, this source of funding was terminated following the Extraordinary General Meeting ("EGM") on 10 December 2015. Without new funding and in the face of intense competition in the mobile messaging and social media market in China

Chairman's Statement

and the rest of Asia, the Board has decided to streamline and restructure the operations of HotApp by significantly reducing its development and marketing personnel as well as marketing activities.

Notwithstanding the restructuring, HotApp will not stop development and maintenance entirely. We envisage that essential programmes may be further streamlined unless new external funding can be secured by HotApp. If the latter does not materialise, the Group may consider other options.

Corporate Developments

At the 10 December 2015 EGM, shareholders also approved the expansion of the scope of our existing investment business to include capital market services. We hope to generate alternate revenue streams with relatively low risk and investment. This initiative will be spearheaded by our CEO, Mr Chan Heng Fai, ("Mr Chan"), leveraging on his vast experience and extensive business networks. These activities will be undertaken by our wholly-owned Singapore subsidiary, SeD Capital Pte. Ltd.

At the same EGM, shareholders voted against a Rights cum Warrants Issue. We respect the results and will explore other options to raise capital so that the Group is adequately funded to achieve its corporate objectives.

Mr Chan, who is the CEO and also SeD's single-largest shareholder, has played an instrumental role in providing necessary funding to the Group. In FY2015, through an interest-free loan of US$10.5 million from Mr Chan, the Group completed the land purchase in Maryland for the Ballenger Run project. Subsequent to the financial year end, we announced on 29 January 2016 that Mr Chan will take up a proposed placement of S$7.0 million worth of new SeD shares, subject to amongst others, shareholders' approval at an EGM to be convened. The placement will allow SeD to redeem all the S$5.0 million 18% redeemable Exchangeable Notes issued in the financial year of 2014 ("FY2014"). The redemption will reduce the gearing ratio of the Group and reduce interest payments. The remaining net proceeds will be used for general working capital.

On behalf of the Board, I wish to place on record our appreciation to Mr Chan for his commitment and unwavering support to SeD.

Financial Performance

The Group significantly reduced its losses to S$3.4 million in FY2015 from S$20.7 million in FY2014. We are at the tail end of legacy construction problems and are embarking on new strategies that have yet to deliver results.

The International Property Development division recorded revenue of S$4.3 million from our home incubation project.

Our Information Technology segment is still under development and has not generated any revenue.

We had increased our asset base significantly and a significant portion had been invested in our property development projects. The financial returns from these investments have not yet been realised.

Board of Directors and Key Management

On 16 June 2015, we announced the appointments of two Executive Directors, Mr Lum Kan Fai Vincent and Mr Cui Peng.

Subsequent to the year end, Mr Chan Tung Moe ("Mr Moe Chan"), was appointed Executive Director on 12 January 2016. Mr Moe Chan is the son of Mr Chan Heng Fai.

Background information of these directors are described in the Annual Report pages 10-11.

The Board wishes to thank Mr Chew Sien Lup, who will be stepping down as Chief Financial Officer ("CFO") on 13 April 2016 to pursue other career opportunities. We record our appreciation for Mr Chew's contributions and wish him well in his future endeavours. We welcome Mr Albert Tan Tiong Heng who will take on the role of CFO from 18 April 2016 and look forward to his contributions.

Appreciation

On behalf of the Board, I thank our loyal customers and business partners, as well as our management and staff, for their efforts and dedication.

We would especially like to express our gratitude to our shareholders for standing by the Group during this past year.

The Board acknowledges the challenges that lie ahead and the operational execution that is vital to deliver shareholder value.

Basil Chan
Non-Executive Chairman
4 April 2016

CEO's Message

Dear Shareholders,

Even as we exited the legacy Singapore construction business, we began seeding in 2014 two businesses to accelerate corporate recovery. As with all shifts in business direction, we have faced challenges including the uncertain global economic climate. I am pleased to update shareholders of the status of both business divisions.

International Property Development

This division remains the main engine of growth. Shareholders will recall that we had determined that selected international property markets offered more growth opportunities. Markets in Singapore and elsewhere in Asia have peaked and are subject to rising interest rates or government cooling measures. Among international markets, we identified the United States in particular as one which remains on a cycle of recovery.

Black Oak

Our maiden project, Black Oak, is a 136-acre land infrastructure development and sub-division project in Houston, Texas, U.S. Our initial equity investment of US$4.3 million was made in February 2014. Since then we have increased our stake in 150 CCM Black Oak, LP, ("Black Oak LP") from the original 60% to 69%.

The sharp fall in global crude oil prices has affected housing sentiment in Houston, which is a major oil and gas hub. As a result, pre-sales commitments have fallen to 16% as compared to a prior figure of 61% of the total lots. Despite being affected by a weakening oil and gas sector, Houston's other sectors remain resilient and the underlying demand for residential properties remains healthy and stable. Consequently, we remain optimistic about the take-up rate of Black Oak and its commercial viability barring any further unforeseen circumstances.

In December 2015, we announced that the project obtained a US$6.0 million construction loan from Revere High Yield Fund, LP. The loan is secured by a lien over land under the Black Oak project and is repayable in full before 1 October 2016. Under the loan agreement, Black Oak LP has an option, subject to certain conditions, to extend the loan to 1 April 2017. This allows Black Oak LP more latitude to manage its cash flows.

Given the delay in securing the construction financing, we expect to recognise revenue in phases over approximately four years, commencing in FY2016 instead of FY2015 as previously announced.

Ballenger Run

In November 2015, we completed the US$15.65 million acquisition of Ballenger Run, a 197-acre land sub-division development located in Frederick County, Maryland. The acquisition consideration was funded in part from a US$5.6 million deposit from NVR Inc. ("NVR"). The balance of US$10.05 million was derived from a total equity contribution of US$15.2 million by SeD Ballenger LLC and CNQC Maryland Development LLC (a unit of Qingjian International Group Co, Ltd, China, "CNQC").

Within FY2015 we had secured pre-sales commitments for 52% of the units – representing 89% of the project's estimated gross development value of approximately US$67.1 million – through agreements with NVR, effective upon closing of the land acquisition.

NVR, a company based in the US and listed on the New York Stock Exchange is a home builder which is engaged in the construction and sale of single-family detached homes, town-houses and condominium buildings. It also operates a mortgage

CEO's Message

banking and title services business. The sub-divided lots will be progressively handed over to NVR from FY2016.

CNQC has an exceptional track record in property development. Our partnership with CNQC will help both companies to establish a stronger foothold in the market and underscores the shared commitment to offer quality property development on an international level.

Our successful collaboration with two global property players – CNQC and NVR – reflects the value proposition of Ballenger Run and as well as the management's ability to attract international partners of such stature.

Having secured the requisite construction loan for the project, we have commenced development works and expect the project to be completed over five years.

Home Incubation

Recognising that large land sub-division projects have a longer time horizon, we introduced a home incubation initiative to market completed U.S. single-family homes, with existing tenants, to Asian investors ("Home Incubation Project").

During the year under review we received purchase interest for all 27 homes under our Home Incubation Project. The Group has completed the majority of the home sales and expects to close all remaining sales by the end of 2016. In line with this, the Group has also purchased a terrace residential property in Washington DC, U.S. for renovation and resale.

SeD Home Inc

While we had embarked on these U.S. projects separately, we decided during the year under review that we needed a corporate structure which would allow us to achieve greater business efficiency and help secure project financing. Accordingly, in July 2015, we reorganised the Company's U.S. property division under SeD Home Inc.

Collaboration with Guotsing Holding Group

We are also glad to have entered into a strategic co-operation agreement, as announced on 27 May 2015, with Guotsing Holding Group Co Ltd, the holding company of CNQC and a large investment holding group from China that is engaged in construction, engineering, property & realty, finance and logistic businesses globally. This agreement will allow us to jointly pursue projects of mutual interests in countries spanning across Asia to North America and Africa. We are proud to be in partnership with such an established property group and have kicked off this collaboration with the joint development of Ballenger Run.

Information Technology Businesses

HotApp has faced intense competition from dominant players during the year under review. The cost of user acquisition increased sharply as the messaging and social media market in China and Asia matured.

Accordingly, during the second half of the year under review, the Group carried out several cost containment exercises. We introduced features which would reduce reliance of Voice over IP infrastructure through a termination line.

Following the termination of the Rights cum Warrants Issue in December 2015 and the Board's decision to streamline and restructure the operations of HotApp, HotApp has significantly reduced its development and marketing personnel and marketing activities. Presently, only critical and essential development and maintenance works are carried out with a minimal crew. It will maintain its manning level and operating costs at a minimum level and has begun exploring options to seek new funding before growing its business.

Capital Markets

In view of the collective experience of our directors and senior management, we have decided to embark on asset-light opportunities for growth in the capital markets services sector. On 10 December 2015, the Group received approval from shareholders to expand into investment activities. We will explore opportunities to secure business opportunities for such fee income.

Outlook

The execution of our strategy for corporate recovery has been challenging. I can understand that some of you may share concerns amidst the economic and market uncertainties. I wish to say, firstly, that despite the challenges, we have made progress as outlined above. We will continue to keep you updated on our efforts to enhance shareholder value. Second, as the single-largest shareholder and principal promoter of this new growth strategy, I have made a significant personal financial commitment to this strategy. I have more "skin in the game", so to speak, and I am more than committed and determined to make it work.

Appreciation

So many people have sacrificed time and effort during the past year. I want to thank all management and staff as well as directors, partners and service providers in various countries for their commitment. I also want to thank shareholders for their patience and faith as we navigate this critical transformation of SeD.

We look forward to a better year in FY2016 with your continued support.

Chan Heng Fai
Executive Director and Chief Executive Officer
4 April 2016

Financial Review

Continuing Operations

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

International Property Development Business Segment

During the year under review, 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. During FY2015, the Group delivered 17 units to buyers and, accordingly, recognised S$4.08 million and S$0.61 million as revenue and gross profit, respectively. As at 31 December 2015, 10 units of such homes remained on hand. All these units have since been pre-sold and the related revenue are expected to be handed over and recognised in FY2016.

The Black Oak project in Houston secured a US$6 million construction loan in October 2015. Given the delay in securing the construction financing and the inclement weather in the summer and fall months, the Group expects to recognise revenue in phases over approximately four years commencing from FY2016.

The Ballenger Run project in Maryland secured a US$8 million construction loan in November 2015. The loan will finance the construction and development of the initial phase of the project which is expected to be completed over approximately three years. Revenue recognition is expected to commence from FY2016.

In November 2015, the Group acquired a terrace residential property in Washington DC as part of the Home Incubation programme. The Group will only record sales upon legal completion of the transactions.

Information Technology Related Businesses Segment

The HotApp mobile application is still in the development stage pending commercial launch, and has yet to generate any revenue.

Capital Market Services Segment (formerly Investment Business)

At an EGM on 10 December 2015, shareholders approved a resolution to expand the Group's Investment Business. This business is still in the development stage and has yet to generate any revenue.

Other income, operating expenses and income taxes

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$2.7 million 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.

Ballenger Run ground breaking ceremony

A typical housing project built by NVR Inc.

Financial Review

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 income tax benefit of S$0.4 million for FY2015 relates to the recognition of deferred tax asset arising from tax losses.

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, which meant that US Dollar-denominated loans receivable by the Company from the Group's U.S. property operation were higher when expressed in Singapore Dollars.

Other expenses in FY2015 comprised mainly:
(i) 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
(ii) a provision of S$0.1 million for impairment of other receivables and an impairment for software of S$0.1 million (FY2014: Nil).

The Group invested in a newly formed associate, FanssMORE, and recorded its share of FanssMORE's financial loss for the period to 31 December 2015 on equity accounting basis. The loss was principally due to timing difference in recognition of its fee income and marketing expenses incurred during the period.

Consequently, Continuing Operations incurred a net loss after tax of S$3.6 million.

Discontinued Operation

Following the disposal of its construction business under CCM Industrial Pte Ltd on 21 May 2014, the Group terminated its construction business in Singapore and these were presented as Discontinued Operation in FY2014.

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
(i) additional provision of S$1.0 million for claims against corporate indemnities previously issued as performance guarantees; and
(ii) additional impairment of trade and other receivables of S$0.3 million and S$0.6 million, respectively.

Financial Position

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 (i) Black Oak; (ii) Ballenger Run; and (iii) 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.

Illustrative plan for Ballenger Run

Financial Review

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, principally due to:
(i) additional S$1.1 million in accrual for withholding tax payable;
(ii) S$0.6 million in accrued expenses for the property development business; and
(iii) S$0.5 million of accrued expenses by HotApp.

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.

Cash Flow

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.

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.

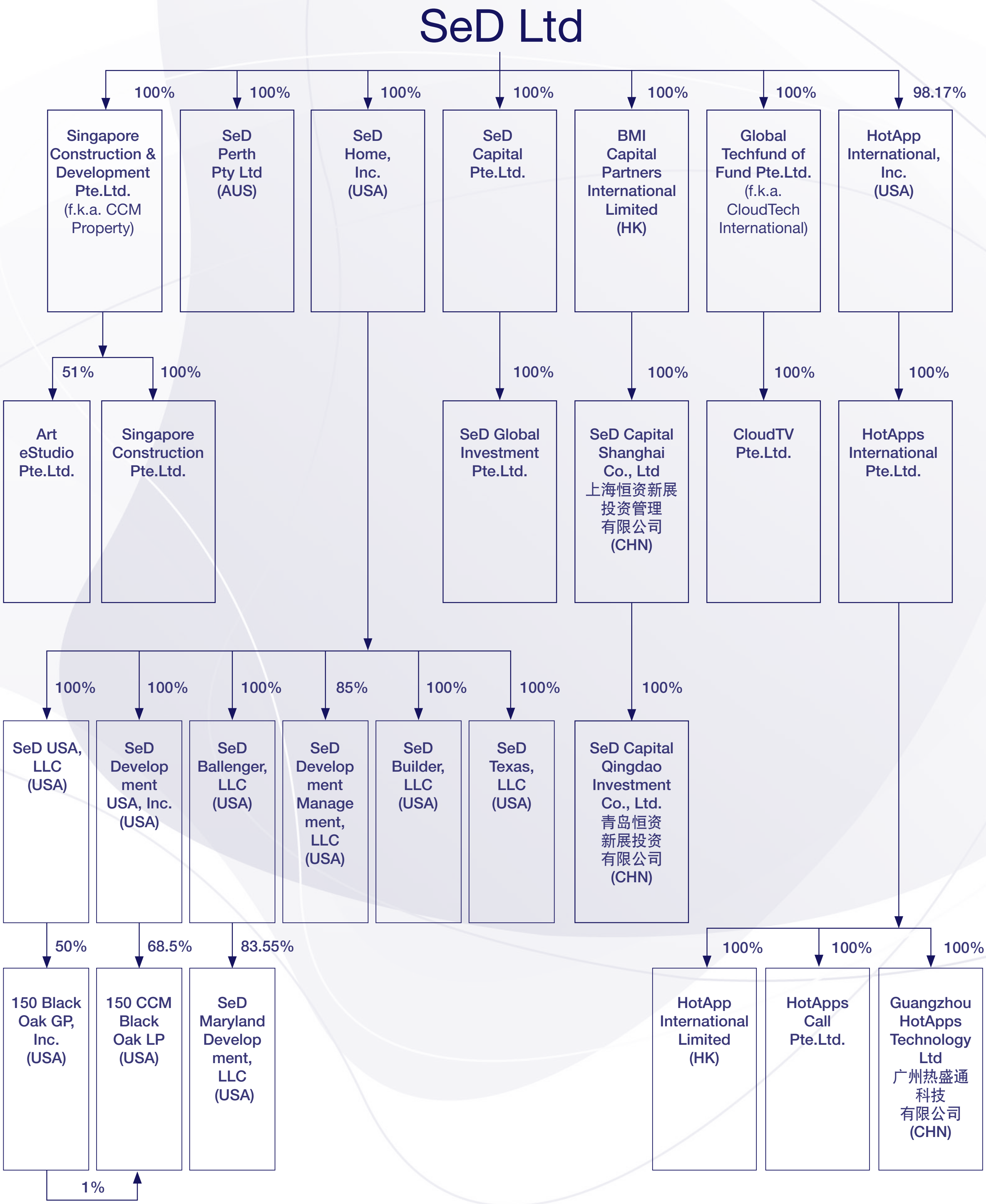
In investing activities, the Group invested S$0.4 million for a 19%-stake in FanssMORE and S$0.3 million in additional computer equipment and a motor vehicle during the year.

Net cash generated from financing activities amounted to S$23.6 million due mainly to net proceeds from (i) borrowings of approximately S$22.3 million; (ii) issuance of ordinary shares S$1.2 million; and (iii) 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.

Precast concrete beams being placed for bridge construction on Black Oak Drive

Completed concrete pour for a drive lane at Black Oak

Group Structure



Board of Directors

Mr Basil Chan

Mr Basil Chan was appointed as an Independent and Non-Executive Director on 1 March 2014. He is currently the Non-Executive Chairman of the Group and also the Chairman of the Company's Audit and Risk Committee. Mr Basil Chan was last re-elected to the Board in April 2014.

He is the Founder and Managing Director of MBE Corporate Advisory Pte. Ltd., and sits on the boards of several other public listed companies in Singapore as their independent, non-executive director. Mr Basil Chan has more than 32 years of experience in audit, financial and general management, having held senior financial and management positions in both private and listed companies. Mr Basil Chan was formerly a director and member of the Governing Council of the Singapore Institute of Directors where he had served for almost 12 years.

Mr Basil Chan also serves as an Independent Director of Yoma Strategic Holdings Limited, Global Invacom Group Limited, AEM Holdings Limited, Grand Banks Yachts Limited and SBI Offshore Limited all listed on the SGX-ST.

He was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code of Corporate Governance, and was a former member of the Accounting Standards Committee and of the Auditing and Assurance Standards Committee of the Institute of Singapore Chartered Accountants ("ISCA"), formerly the Institute of Certified Public Accountants of Singapore ("ICPAS"). He currently sits on the Corporate Governance Committee of ISCA where he is its deputy chairman.

Mr Basil Chan holds a Bachelor of Science (Economics) Honours degree majoring in Business Administration from the University of Wales Institute of Science and Technology, Cardiff, Wales, United Kingdom. He is a Chartered Accountant by training and is a member of the Institute of Chartered Accountants in England and Wales as well as a member of ISCA. He is a Fellow of the Singapore Institute of Directors.

Mr Chan Heng Fai

Mr Chan Heng Fai was appointed as Non-Executive Director on 31 May 2013, re-designated as Executive Director on 1 March 2014 and subsequently appointed as Chief Executive Officer on 28 April 2014. Mr Chan Heng Fai was last re-elected to the Board in April 2015.

A banking and finance expert with years of experience, Mr Chan Heng Fai has restructured over 35 companies in various industries and countries in the past 40 years.

Mr Chan Heng Fai currently serves as Non-Executive Director of Australian Securities Exchange ("ASX")-listed bio-technology company Holista Colltech Ltd.

He was formerly Managing Chairman and Executive Director of Hong Kong Exchange ("SEHK")-listed Heng Fai Enterprises Limited (now known as ZH International Holding Ltd), where he had served from 1992 to 2015. Under his directorship, Mr Chan Heng Fai grew the company's net asset value from HK$40 million in 1994 to about HK$750 million when he ceded controlling interest in 2015.

Mr Chan Heng Fai was also the Managing Director of SingHaiyi Group Ltd. Under his leadership, the SGX Catalist-listed company transformed from a fit-out and furnishing business with net asset value of less than S$10 million into a property investment and development company with net asset value of more than S$150 million when Mr Chan Heng Fai ceded controlling interest in late 2012.

He had previously served as Executive Chairman of China Gas Holdings Limited, a failing SEHK-listed fashion retail company which he restructured to become an industry leader in the investment and operation of China's city gas pipeline infrastructure.

Mr Chan Heng Fai was previously also a Director of Perth-based Skywest Ltd, an airline company listed on the ASX; as well as a Director of Global Med Technologies, Inc., a NASDAQ-listed medical company engaged in the development and marketing of information management software products for healthcare-related facilities.

In 1987, Mr Chan Heng Fai acquired American Pacific Bank, a U.S. full-service commercial bank, and brought it out of bankruptcy. In his role as Chairman and Director, he recapitalised, refocused and grew the bank's operations. Under his guidance, it became a NASDAQ-listed high asset quality bank with zero loan losses for five consecutive years before it was ultimately bought and merged into Riverview Bancorp Inc. Prior to its acquisition and merger, it was ranked #13 by the Seattle Times "Annual Northwest's Top 100 Public Companies" and #6 in Oregon, U.S., ahead of leading brands such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

Mr Chan Tung Moe

Mr Chan Tung Moe ("Mr Moe Chan"), was appointed as Group Chief Development Officer on 31 July 2015 and is responsible for the Group's international property development business. Subsequent to the year end, Mr Moe Chan was appointed Executive Director on 12 January 2016. Mr Moe Chan is also currently a Non-Executive Director of the Toronto Stock Exchange-listed RSI International Systems Inc.

He was previously the Group Chief Operating Officer of SEHK-listed ZH International Holdings Ltd (formerly known as Heng Fai Enterprises Ltd), responsible for the company's global business operations consisting of REIT ownership and management, property development, hotels and hospitality, as well as property and securities investment and trading. Prior to that he was Executive Director and Chief of Project Development of SGX Catalist-listed SingHaiyi Group Ltd, overseeing its property development projects.

Board of Directors

Mr Moe Chan has a diverse background and experience in the fields of property, hospitality, investment, technology and consumer finance. He holds a Master's Degree in Business Administration with honours from the University of Western Ontario, a Master's Degree in Electro-Mechanical Engineering with honours and a Bachelor's Degree in Applied Science with honours from the University of British Columbia.

Mr Moe Chan is the son of Mr Chan Heng Fai.

Mr Lum Kan Fai Vincent

Mr Lum Kan Fai Vincent was appointed Executive Director on 16 June 2015.

Mr Lum is an entrepreneur and industry veteran with over 25 years of experience in product marketing and business development. He has held senior management roles at corporations such as Apple and York International (now Johnson Controls). Prior to joining SeD, Mr Lum was Chief Strategy Officer of Datacraft Asia, where he spent over nine years and was instrumental in growing the company to become one of Asia Pacific's top systems integrators.

As CTO of HotApp, he leads Global Marketing and Technology, and also heads the Company's Mobile App strategy and manages the development team in Hong Kong and China.

Mr Cui Peng

Mr Cui Peng was appointed Executive Director on 16 June 2015.

Mr Cui Peng has a diverse and professional background in business development, corporate finance, as well as mergers and acquisitions, with an in-depth focus in China and its surrounding regions. He has held multiple seniors appointments, and has been an Associate Director of SeD since November 2014. As Executive Director, Mr Cui Peng leads SeD's business development and expansion, focusing on operations in mainland China and Southeast Asia.

Mr Teh Wing Kwan

Mr Teh Wing Kwan was appointed as Non-Independent and Non-Executive Director on 3 June 2013. Mr Teh was last re-elected to the Board in April 2015.

Mr Teh specialises in corporate finance, corporate re-structuring and merger and acquisition. He is a highly experienced financial professional who has been advising and investing in companies, family-owned enterprises and regional asset owners with their businesses listed or preparing to list in Singapore, Australia, Malaysia, Vietnam and Taiwan. Mr Teh is currently the Group Chief Executive Officer and Managing Director of SGX-listed Sapphire Corporation Limited. He was nominated as a candidate for the Asia Pacific Entrepreneurship Awards 2015 (Singapore) under the Industrial and Commercial Products Industry.

He is also a sophisticated investor and appointed advisor to the Board of SGX-listed Koda Ltd. He served as non-executive and non-independent director of a SEHK-listed company and an ASX-listed company. He was also appointed as Audit Committee Chairman & Independent Director of other SGX-listed companies.

Mr Teh is a Fellow of The Association of Chartered Certified Accountants (United Kingdom), a Chartered Accountant of the Institute of Singapore Chartered Accountants, an International Affiliate of the Hong Kong Institute of Certified Public Accountants, Chartered Accountant of the Malaysian Institute of Accountants, a Full Member of Singapore Institute of Directors and a Member of Hong Kong Securities and Investment Institute.

Mr Chan Yu Meng

Mr Chan Yu Meng was appointed as an Independent and Non-Executive Director on 27 June 2013. He is currently the Chairman of the Company's Nominating Committee. Mr Chan Yu Meng was last re-elected to the Board in April 2014.

Mr Chan Yu Meng graduated from the University of Durham and is called to the Singapore Bar. He is a Partner in the corporate department of Lee & Lee, a law firm in Singapore. He has more than 15 years of experience and currently practises in the areas of mergers and acquisitions, capital markets, corporate finance, corporate restructuring, securities law, stock exchange practice and corporate secretarial matters. He also has prior experience as a litigation counsel representing clients in both civil and criminal matters. He currently serves as an Independent Director of SGX-listed PSL Holdings Limited and is an ordinary member of the Singapore Institute of Directors.

Mr Tao Yeoh Chi

Mr Tao Yeoh Chi was appointed as an Independent and Non-Executive Director on 27 June 2013. He is currently the Chairman of the Company's Remuneration Committee. Mr Tao Yeoh Chi was last re-elected to the Board in April 2015.

Mr Tao began his career in the Singapore public service sector, where he held senior positions in various ministries. He later joined a few multinational companies before starting his own business. He holds directorship in several companies listed on SGX, including Hanwell Holdings Ltd and Sapphire Corporation Ltd. He is also a director of STT Communications (Shanghai) Co., Ltd.

Mr Tao holds a Bachelor of Engineering (First Class Honours) and a Bachelor of Arts (Economics) from Newcastle University, Australia.

Corporate Governance Report

Singapore eDevelopment Limited – Corporate Governance Report for FY2015

The Board of Directors (the "**Board**" or the "**Directors**") and the management ("**Management**") of Singapore eDevelopment Limited (the "**Company**", and together with its subsidiaries, the "**Group**") are strongly committed to achieving high standards of corporate governance which is essential to the stability and sustainability of the Group's performance, protection of shareholders' interests and maximisation of long-term shareholder value.

Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**") requires an issuer to outline the corporate governance practices adopted by the Company as set out in the revised Code of Corporate Governance issued on 2 May 2012 (the "**Code**").

This report describes the Company's corporate governance practices with specific reference to the Code for the financial year ended 31 December 2015 ("**FY2015**"). In line with the Code, the Board hereby confirms that the Company has adhered to the principles and guidelines of the Code and all deviations from the Code are disclosed and explained.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary function of the Board is to protect shareholders' interests and enhance long-term shareholder value and returns. The Board works with the Management to achieve this and the Management remains accountable to the Board.

Besides carrying out its statutory duties and responsibilities, the Board's other roles are to:

- guide the corporate strategy, ensure effective management leadership, review strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables the identification, assessment and management of risks;
- review Management's performance;
- set the Company's values and standards, and to ensure that obligations to the shareholders and others are met;
- approve major investment funding and annual budget;
- approve the nomination of Directors to the Board; and
- oversee the business conduct of the Company and assume responsibility for corporate governance.

Corporate Governance Report

The Board is of the view that it has taken objective decisions in the interests of the Company.

To assist the Board in the execution of its responsibilities, specialised committees of the Board, namely the Audit and Risk Management Committee ("**ARMC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") have been established and delegated certain functions (collectively, the "**Board Committees**"). If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee, such delegation is disclosed. The ARMC, NC and RC operate within clearly defined terms of reference and operating procedures and these terms of reference and operating procedures are reviewed on a regular basis. Further details of the scope and functions of the ARMC, NC and RC are provided under the sections on Principles 4, 5, 7, 8, 11 and 12 of this report.

The Board meets regularly, with at least two (2) scheduled meetings or as often as may be necessary within each financial year, to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Board members are provided with complete and adequate information in a timely manner, including half-yearly (or more often) management reports and all relevant information on material events and transactions, to enable them to be fully cognisant of the decisions and actions of the Group's management team. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from the Management on financial, business and corporate issues and are normally circulated in advance of each meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be briefed before the meeting. Ad-hoc meetings are convened as and when deemed necessary. The ARMC members are also encouraged to communicate amongst themselves and with the Company's Auditors and CFO directly.

Matters which are specifically reserved for Board's approval are those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, financial results and interested person transactions of a material nature.

The Company's Constitution provides for Board meetings to be conducted by means of conference telephone, video-conferencing, audio visual or other electronic means of communication.

Corporate Governance Report

The number of the Board and ARMC, NC and RC meetings and the attendance of each Director during his appointment, at the meetings for **FY2015** is as follows:

	Board		Audit & Risk Management Committee		Remuneration Committee		Nominating Committee	
	No of meetings held *	No of meetings attended	No of meetings held *	No of meetings attended	No of meetings held *	No of meetings attended	No of meetings held *	No of meetings attended
Basil Chan	11	11	6	6	2	2	N.A.	N.A.
Chan Heng Fai	11	11	N.A.	N.A.	N.A.	N.A.	3	3
Teh Wing Kwan[(1)]	11	10	6	4	N.A.	N.A	N.A.	N.A.
Chan Yu Meng	11	9	6	6	2	2	3	3
Tao Yeoh Chi	11	11	6	5	2	2	3	3
Lum Kan Fai Vincent[(2)]	3	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Cui Peng[(3)]	3	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Tung Moe[(4)]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:

* during his appointment as a Director of the Company

(1) Mr Teh Wing Kwan was appointed as a member of the ARMC with effect from 14 January 2015.

(2) Mr Lum Kan Fai Vincent was appointed to the Board as an Executive Director with effect from 16 June 2015.

(3) Mr Cui Peng was appointed to the Board as an Executive Director with effect from 16 June 2015.

(4) Mr Chan Tung Moe was appointed to the Board as an Executive Director with effect from 12 January 2016.

All Directors are updated regularly concerning any material changes in company policies, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are material and relevant to the Directors are circulated to the Board. The Directors were briefed regularly by the Company's auditors on the material key changes to the Singapore Financial Reporting Standards. The CEO also updates the Board at each meeting on business and strategic developments pertaining to the Group's business.

The Company will ensure that incoming and newly appointed Directors are given the necessary guidance and orientation (which may include management presentations) to allow such Directors to understand the Group's business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group's premises and places of operation will be arranged. The Company will also, where necessary, provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. Upon appointment, they will also be provided with formal letters, setting out their duties and obligations.

The Directors are conscious of the importance of continuing education in areas such as legal and regulatory responsibilities and accounting issues, and will regularly update and refresh themselves on matters that may materially affect their performance as a director on the Board, or as a Board Committee Member, as and when necessary.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises eight (8) Directors, out of which three (3) are Independent Directors, one (1) is a Non-Executive Director and the remaining four (4) are Executive Directors. There is a strong and independent element on the Board, capable of exercising objective judgement on corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. The Independent Directors chair all Board Committees.

The NC reviews and determines the independence of each Director annually. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement of the Group's affairs with a view to the best interests of the Company.

The three (3) Independent Directors, namely Mr Basil Chan, Mr Chan Yu Meng and Mr Tao Yeoh Chi, have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Company's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting, legal, corporate finance, business development, management, sales and strategic planning. In particular, our CEO and Executive Director, Mr Chan Heng Fai, has many years of experience in the property development sector industry that we operate in.

As the Company is continually charting its growth strategy, the NC will continuously review the composition and size of the Board on an annual basis to ensure that it will have the necessary competencies for effective decision-making.

The Non-Executive Director and the Independent Directors provide constructive advice on the Group's strategic and business plans. They also review the performance of the Management in meeting set objectives and monitor the reporting of performance.

None of the Directors are appointed for any fixed term. Each Director shall retire from office at least once every three (3) years. Directors who retire are eligible to stand for re-election. There is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment.

Information on the interests of Directors who held office at the end of the financial year in shares and debentures and share options in the Company and in related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement on page 35 of this Annual Report.

Corporate Governance Report

PRINCIPLE 3: NON-EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman and CEO's roles and responsibilities are kept separate in order to maintain effective oversight. No individual or small group of individuals dominates the Board's decision making process. The CEO and senior management regularly consult with individual Board members and seek the advice of members of the Board committees through meetings, telephone calls as well as by electronic mail.

The Chairman is responsible for leading the Board and ensuring the effective functioning of the Board to act in the best interests of the Company and its shareholders. The Chairman facilitates the relationship between the Board, CEO and Management, engaging them in constructive discussions over various matters, including strategic issues and business planning processes. He ensures that discussions at the Board level are conducted objectively and professionally where all views are heard and key issues are debated in a fair and open manner. The Chairman also ensures that adequate time is provided for strategic issues and he represents the views of the Board to the shareholders.

The CEO is accountable to the Board for the conduct and performance of the Group. He has been delegated authority to make decisions within certain financial limits authorised by the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises two (2) Independent Directors, namely, Mr Chan Yu Meng (Chairman of NC) and Mr Tao Yeoh Chi, and one (1) Executive Director, Mr Chan Heng Fai.

The principal functions of the NC, which are set out in the written terms of reference and undertaken by the NC during the financial year, are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;
- establishing the terms of reference for NC;
- re-nominating Directors for re-election in accordance with the Constitution of the Company at each AGM;
- determining annually, the independence of Directors;
- making board succession plans for directors, in particular, for the Chairman and the CEO;
- developing a process, and implementing a set of objective performance criteria for evaluation of the Board, its Board Committees and Directors; and
- evaluating the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted.

Corporate Governance Report

The process for the selection and appointment of new Directors, which is led by the NC, is as follows:

(a) evaluating the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(b) where necessary, external help may be used to source for potential candidates. The Board and Management may also make suggestions;

(c) meets with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required; and

(d) make recommendations to the Board for approval.

Under the Constitution of the Company, at each AGM at least one-third of the Directors for the time being are required to retire from office by rotation, provided always that all Directors are required to retire at least once in three (3) years. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, level of preparedness, participation and candour of such Directors although re-nomination or replacement does not necessarily reflect the Directors' performance or contributions to the Board.

The NC has recommended to the Board that Mr Basil Chan, Mr Chan Yu Meng and Mr Chan Tung Moe be nominated for re-election at the forthcoming AGM, in accordance with Regulations 93 and 92 of the Company's Constitution:

(a) Mr Basil Chan will, upon re-election as a Director of the Company, remain as a Non-Executive Chairman of the Group and Chairman of the ARMC and a member of the RC of the Company. Mr Basil Chan is considered independent for the purposes of Rule 704(7) of the Catalist Rules;

(b) Mr Chan Yu Meng will, upon re-election as a Director of the Company, remain as Chairman of the NC and a member of the ARMC and RC of the Company. Mr Chan Yu Meng is considered independent for the purposes of Rule 704(7) of the Catalist Rules; and

(c) Mr Chan Tung Moe will, upon re-election as a Director of the Company, remain as an Executive Director.

Mr Lum Kan Fai Vincent and Mr Cui Peng shall retire as directors pursuant to Regulation 92 of the Constitution and both Mr Vincent Lum and Mr Cui Peng have indicated that they are not seeking for re-election at the forthcoming AGM in order to focus on their management and business development roles within the Group.

Following the retirement of Mr Lum Kan Fai Vincent and Mr Cui Peng, the NC considers that the Board's size continues to be adequate for effective decision-making taking into account the nature and scope of the Company's current operations.

All directors are required to declare their board representations in other companies. The NC determines the independence of Directors annually in accordance with the guidelines set out in the Code and the declaration form completed by each Director disclosing the required information.

Corporate Governance Report

The NC does not prescribe a fixed number of listed company directorships outside of the Group for each Director, as it believes that any maximum number established is unlikely to be representative of the participation, commitment and skills and expertise that a Director may contribute to the Board, and his or her overall effectiveness. The NC determines annually whether each Director with multiple board representations or other principal commitments outside of the Group is able to and has been adequately carrying out his or her duties as a Director of the Company.

The NC takes into account the attendance of the Directors at Board's or Board Committees' meetings, results of the assessment of the effectiveness of the Board as a whole, Board Committees, and the respective Directors' actual conduct on the Board and its Board Committees, in making the determination, and is satisfied that all the Directors have been able to and had adequately carried out their duties notwithstanding their multiple board representations where applicable and other principal commitments.

Key information regarding the Directors is disclosed under the section on "Board of Directors" on pages 10 to 11 of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has implemented a formal board evaluation process to be carried out annually to assess the effectiveness of the Board as a whole and the ARMC, NC and RC, and the contribution of each individual Director to the effectiveness of the Board. The objective of the annual evaluation is to identify areas for improvement and to implement appropriate action.

The areas of assessment focused on:

(a) Board's conduct of meetings;

(b) Board's review of corporate strategy and planning;

(c) risk management and internal controls;

(d) whistle-blowing matters;

(e) measuring and monitoring performance;

(f) recruitment and evaluation;

(g) compensation for Board and key executives;

(h) succession planning;

(i) financial reporting; and

(j) communication with shareholders.

The areas of assessment under the evaluation process do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

During the financial year, Directors were requested to complete self-assessment checklists based on the above areas of assessment to assess their views on various aspects of Board's and Board Committees' performance, such as composition, information, process and accountability and the overall effectiveness of the Board and Board Committees. Factors considered include the suitability of the size of the Board or Board Committees for effective debate and decision-making, competency mix of Directors and regularity of meetings. The results of these checklists were considered by the NC. The NC Chairman reviews the results of the performance evaluation, and in consultation with the NC, proposes to the Board, where appropriate, to make relevant changes to the Board's or Board Committees' size and composition.

The NC has assessed the current Board's and Board Committee's performance to-date, their roles and responsibilities and is of the view that the performance of the Board as a whole, the Board Committees and the Chairman of the Board and Board Committees were satisfactory. No external facilitator was used in the evaluation process.

Going forward, the NC will continue to review the formal assessment processes for evaluating the Board and each Board Committee's performance, and also review the contribution of individual Directors to the effectiveness of the Board and their relevant Board Committees. The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his re-nomination as Director.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibilities, Board members are provided with board papers for proposals and are given regular management information prior to each Board meeting and at such other times as necessary. Information provided to the Board includes background information relating to the matters to be brought before the Board. The Directors are also entitled to request Management to provide such additional information as they may require. Relevant information on material events and transactions are circulated to Directors as and when they arise. The Board also receives regular reports pertaining to the operational and financial performance of the Group.

The Board members have separate and independent access to the Management as well as the Company Secretary at all times.

The Company Secretary and/or her colleagues attend all Board and Board Committees meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and the Catalist Rules. Minutes of the Board and various Board Committees are circulated to the Board for information. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees, and between Management and the Independent Directors, as well as facilitating orientation and assisting with professional development where required.

Corporate Governance Report

The Board is fully involved in and responsible for the appointment and removal of the Company Secretary.

Where the Directors, either individually or collectively, in the furtherance of their duties, require professional advice, the Management will assist them in obtaining independent professional advice, at the Company's expense.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three (3) Independent Directors, namely Mr Tao Yeoh Chi (Chairman of the RC), Mr Chan Yu Meng and Mr Basil Chan.

Under its written terms of reference, the RC recommends to the Board a general framework of remuneration and reviews and determines the specific remuneration packages and terms of employment (where applicable) for each Director and key management personnel. The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind and if necessary, with independent and objective expert advice inside and/or outside the Company. The Company sets out remuneration packages that are able to attract, retain and motivate employees without being excessive, thereby maximising shareholders' value. The RC also performs an annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities, and reviews the Company's obligations arising in the event of the termination of an Executive Director or key management personnel's contract of service. The RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board.

Each member of the RC will abstain from voting and discussion on any resolutions in respect of his or her own remuneration package.

In determining remuneration packages, the Company considers the remuneration and employment conditions within the industry. The expenses of any external expert advice on remuneration matters sought by the RC, where such advice is deemed necessary, shall be borne by the Company. No remuneration consultants were engaged by the Company during FY2015.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and Management of the required experience and expertise.

The remuneration of the Executive Directors and key management personnel for FY2015 comprised of a fixed component in the form of a base salary. There is currently no variable component as part of the remuneration of the Executive Director and key management personnel. Going forward, the RC is reviewing an incentive scheme to include a variable component in the form of a variable bonus or award of performance shares under the Share Plan (as defined herein) which will be linked to individual's performance of the Executive Director and key management personnel and will be assessed based on their respective key performance indicators or conditions. The RC shall review and set appropriate performance conditions for each individuals. The RC will also consider using contractual provisions to allow the Company to reclaim bonuses or other incentive components (such as performance shares) of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The Executive Directors do not receive Director's fees. The letters of appointment of the Executive Directors do not contain onerous renewal clauses and may be terminated by giving one (1) month prior written notice or an amount equal to one (1) month salary in lieu of such notice.

The Independent Directors and the Non-Executive Director are paid Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and the responsibilities of the Directors. The RC has adopted a framework for directors' fees which comprised of a basic fee, additional fees for appointment to and chairing of Board Committees and constructive contributions. Based on this framework, the Directors' fees, paid quarterly in arears for FY2015, amounted to S$223,500. The RC has recommended that directors' fees of up to S$230,000 based on the same framework, shall be paid quarterly in arrears for the financial year ending 31 December 2016.

The general framework of Directors' Fees is as follows[1]:

Board	**Directors' Fees**	
	Basic	**Additional**
Director	$30,000	
Chairman		$20,000
Audit & Risk Management Committee		
Chairman		$15,000
Member		$7,500
Nominating Committee		
Chairman		$8,000
Member		$4,000
Remuneration Committee		
Chairman		$8,000
Member		$4,000

<u>Singapore eDevelopment Limited Share Option Scheme</u>

The Company implemented its share option scheme on 20 November 2013 (the "**Option Scheme**" or "**Singapore eDevelopment Limited Share Option Scheme**") as a long term incentive scheme. The objective of the Option Scheme is to link rewards to corporate and individual performance as the Company realises that such performance-

1 The general framework of Directors' fee has been applicable to the Directors elected to the Board since the conclusion of the Company's AGM on 28 April 2014

Corporate Governance Report

related remuneration should be aligned with the interests of the shareholders and promote the long-term success of the Group. The share options are granted to such participants who, in the opinion of the RC (administering the Scheme as the scheme committee), have contributed or have the potential to contribute to the growth and development of the Group. Details of the Option Scheme were set out in the Company's circular dated 28 October 2013.

In FY2015, there were no options granted under the Scheme.

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Option Scheme are as follows:

		Since commencement of the Scheme to end of financial year under review			
Name of director	**Options granted during financial year under review**	**Aggregate options granted**	**Aggregate options exercised**	**Aggregate options outstanding as at end of financial year under review**	**Current Exercise Price S$**
Basil Chan	–	796,000	–	796,000	0.11
Chan Heng Fai	–	1,061,333	–	1,061,333	0.12
Teh Wing Kwan	–	796,000	–	796,000	0.12
Chan Yu Meng	–	530,667	–	530,667	0.12
Tao Yeoh Chi	–	530,667	–	530,667	0.12
Total	–	3,714,667	–	3,714,667	

Singapore eDevelopment Performance Share Plan

The Company implemented its performance share plan scheme on 23 October 2014 (the "**Share Plan**" or "**Singapore eDevelopment Limited Performance Share Plan**") to complement the Option Scheme and serve as an additional and flexible incentive tool for the Group. The Share Plan, which forms integral and important component of a compensation plan, is designed to reward and retain the Group employees (including the Executive Director) whose services are vital to the well-being and success of the Group. The participants of the Share Plan will be awarded fully-paid performance shares after they have met certain pre-determined benchmarks set by the RC. With the Share Plan and the Option Scheme, the Company will be able to tailor share-based incentives according to the objectives to be achieved by combining awards of performance shares under the Share Plan and grant of share's options under the Option Scheme. Details of the Share Plan were set out in the Company's circular dated 7 October 2014.

In FY2015, there were no awards of performance shares granted under the Share Plan.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of the remuneration of the Directors and Key Executives during FY2015 is as follows:

		Total Remuneration (S$ '000)	Salary %	Variable Bonus %	Directors' fee %	Total %
(a)	**Directors**					
	Basil Chan	72	–	–	100	100
	Chan Heng Fai	420	100	–	–	100
	Teh Wing Kwan	53	–	–	100	100
	Chan Yu Meng	50	–	–	100	100
	Tao Yeoh Chi	50	–	–	100	100
	Lum Kan Fai Vincent[1]	145	100	–	–	100
	Cui Peng[2]	166	100	–	–	100
	Chan Tung Moe[3]	170	100	–	–	100
(b)	**Key Management Personnel**					
	Chew Sien Lup	238	100	–	–	100
	Ang Kay Him	143	100	–	–	100

Notes:

1. Remuneration of Mr Lum Kan Fai Vincent was from his appointment as Chief Technology Officer and an Executive Director on 16 June 2015.
2. Includes remuneration during the period when Mr Cui Peng was an associate director from 1 Jan 2015 until his appointment as an Executive Director on 16 June 2015.
3. Includes remuneration during the period when Mr Chan Tung Moe was appointed Chief Development Officer from 31 July 2015 to 31 December 2015. Mr Chan Tung Moe was appointed as an Executive Director on 12 January 2016.

The aggregate amount of the total remuneration paid to the key management personnel (who is not a Director or CEO) was S$381,000 in FY2015. Other than as disclosed, the Company has no other person having authority and responsibility for planning, directing and controlling the activities of the Company

Mr Chan Tung Moe, the Chief Development Officer of the Company during FY2015, is the son of Mr Chan Heng Fai, an Executive Director and Chief Executive Officer of the Company. The details of remuneration of Mr Chan Tung Moe during FY2015 had been disclosed in the table above. Save for Mr Chan Tung Moe, there are no other employees who are immediate family members of any Director or the CEO whose remuneration exceeded S$50,000 in FY2015.

Corporate Governance Report

There were no termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top key executives in FY2015, other than in compliance with the standard contractual notice period termination payment.

PRINCIPLE 10: ACCOUNTABILITY

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for presenting to shareholders a balanced and clear assessment of the Company's performance, position and prospects.

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the interests of the Company.

Financial reports and other price sensitive information, press releases and presentations made are disseminated to shareholders through SGXNET on a timely basis and are also available on the Company's website at www.sed.com.sg. The Company's annual report is sent to all shareholders and its half and full year financial results are available on request.

Management provides the Board with half-yearly or more frequent management accounts that keep the Board informed of the Group's performance, position and prospects. These management accounts consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit with variance analyses.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is committed to maintaining a robust and effective system of internal controls to safeguard shareholders' investments and the Group's assets. The Board recognizes the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Board reviewed the adequacy of the Group's risk management framework and systems and conducted dialogue sessions with the Management to understand the process to identify, assess, manage and monitor risks within the Group. In addition, the Board also engaged BDO LLP, the outsourced internal auditor for the Group, during the year to conduct an internal audit on selected key risk areas of the Group and to make recommendations to enhance the internal controls.

Management presented the annual report to the ARMC and the Board on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas;

(a) assessment of the Group's key risks by major business units and risk categories;

(b) identification of specific "risk owners" who are responsible for the risks identified;

(c) description of the processes and systems in place to identify and assess risks to the business and how risk information is collected on an ongoing basis;

(d) ongoing gaps in the risk management process such as system limitations in capturing and measuring risks, as well as action plans to address the gaps;

(e) status and changes in plans undertaken by Management to manage key risks; and

(f) description of the risk monitoring and escalation processes and also systems in place.

Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls.

The Board with the assistance of the ARMC has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the financial year ended 31 December 2015.

The Board's annual assessment in particular considered:

(a) the changes since the last annual assessment in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

(b) the scope and quality of Management's ongoing monitoring of risks and of the system of internal controls and the work of its internal audit function and other providers of assurance;

(c) the extent and frequency of the communication of the results of the monitoring to the ARMC; and

(d) the incidence of significant internal controls weaknesses that were identified during the financial year.

The Board has also received assurance from the CEO and Chief Financial Officer ("CFO"):

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) that the Group's risk management and internal control systems are effective.

Corporate Governance Report

The Board relies on internal audit reports and the management letter prepared by the external auditors to report on any material non-compliance or internal control weaknesses. Based on internal controls established and maintained by the Group, the work done by the Group's external and internal auditors and reviews performed by Management, ARMC and the Board, the Board, with concurrence of the ARMC, is satisfied that the Group's internal controls including financial, operational, compliance and information technology controls as well as the risk management systems, were adequate and effective as at 31 December 2015.

The system of risk management and internal controls established by the Group is designed to manage, rather than eliminate, the risk of failure in achieving the Group's goals and objectives. The Board wishes to state that the system of internal controls provides reasonable, but not absolute, assurance as to financial, operational, compliance and information technology risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board.

PRINCIPLE 12: Audit and Risk Management Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

As at 31 December 2015, the ARMC comprises four (4) Non-Executive Directors, three (3) of whom are also independent Directors. The members are namely, Mr Basil Chan (Chairman of the ARMC), Mr Chan Yu Meng, Mr Tao Yeoh Chi and Mr Teh Wing Kwan.

The members of the ARMC have broad risk management, financial and/or legal experience. The Board considers them as having sufficient knowledge and experience in risk management and financial matters to discharge their responsibilities in the ARMC.

The ARMC has full access to, and cooperation from the Management, and has full discretion to invite any Director, executive officer or other persons to attend its meetings. It may require any such Director, executive officer or other person in attendance to leave the proceedings (temporarily or otherwise) to facilitate open discussion should they have an interest in the matter under discussion.

The duties and responsibilities of the ARMC are contained in a written terms of reference, which mainly assists the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management. During the financial year under review, the ARMC performed the following main functions (among other duties) in accordance with its written terms of reference:

- establishing the terms of reference for ARMC;
- recommending to the Board, the appointment or re-appointment of the internal and/or external auditors and approving the remuneration and terms of engagement of internal and/or external auditors;
- reviewing the scope, and results of the external audit and internal audit plan and process;
- evaluating the independence of the external auditors;

Corporate Governance Report

- reviewing the Group's half-year and full year financial statements and related notes and announcements relating thereto, accounting principles adopted, and the external auditors' reports prior to recommending to the Board for approval;
- reviewing and evaluating, having regard to input from external and internal auditors, the adequacy of the system of internal controls and risk management functions, which include internal financial controls, operational, compliance and information technology controls and risk management policies and systems;
- reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;
- reviewing any significant financial reporting issues and judgements and estimates made by Management, so as to ensure the integrity of the financial statements of the Group;
- reviewing the adequacy and effectiveness of the Group's internal audit functions; and
- reviewing the interested person transactions falling within the scope of Chapter 9 of the Catalist Rules reported by the Management to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of shareholders.

The ARMC also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The ARMC has met with the external auditors and internal auditors without the presence of Management.

The ARMC has reasonable resources to enable it to discharge its functions properly. The members of the ARMC shall also take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements as and when it, or the Board or NC, deems necessary and appropriate.

The ARMC assesses the independence of the external auditors annually. The aggregate amount of fees paid for the external auditors of the Group for FY2015 is disclosed under Note 9 of the Notes to the Financial Statements. There were no non-audit fees paid / payable to the Company's auditors during FY2015. The ARMC has further recommended that Ernst & Young LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM.

The Company confirms that it is in compliance with Rules 712 and 715 in relation to its external auditors.

Details of the activities of the ARMC are also provided under Principles 11, 12 and 13 of this Report.

The majority of the Directors sitting on the ARMC have the necessary accounting, risk management, financial and legal expertise to deal with the matters that come before them. They will attend courses and seminars to keep abreast of changes to accounting standards and other issues which may have a direct impact on financial statements, as and when necessary. The external auditors provide, and had provided in FY2015, regular updates and periodic briefings to the ARMC on changes or amendments to accounting standards to enable the members of the ARMC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Corporate Governance Report

Whistle-blowing policy

The Company has put in place a whistle-blowing policy. The policy is intended to conform to the guidance set out in the Code which encourages employees to raise concerns, in confidence, about possible irregularities to the Chairman of the ARMC. It aims to provide an avenue for employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith within the limits of the law.

The ARMC exercises the overseeing functions over the administration of the policy. Periodic reports will be submitted to the ARMC stating the number and the complaints received, the results of the investigations, follow up actions and the unresolved complaints.

PRINCIPLE 13: INTERNAL AUDIT

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced to BDO LLP, a member firm of the international BDO network of auditing firms, and they report directly to the ARMC on audit matters and the CEO on administrative matters. BDO performs their work in accordance with the BDO Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit plans are approved by the ARMC, with the outcome of the internal audit presented to and reviewed by the Management, ARMC and the Board.

The ARMC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the system of internal controls, the ARMC is satisfied that the internal audit is effective, adequately resourced and has the appropriate standing within the Group.

The annual conduct of audit by the internal auditor assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the ARMC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Corporate Governance Report

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board believes in regular and timely communication with shareholders as part of our organisation development to build systems and procedures that will enable us to operate transparently.

In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis all material developments that impact the Group.

All announcements including the half-year and full-year financial results, distribution of notices, press release, analyst briefings, presentations, announcement on acquisitions and other major developments are released via SGXNET and the Company's website at *www.sed.com.sg*. The Company does not practice selective disclosure and price sensitive information to its shareholders is publicly released on an immediate basis where required under the Catalist Rules. In the event that inadvertent disclosure is made to a selected group, the Company will make the same disclosure publicly to all shareholders as soon as practicable.

The Board supports the Code's principle to encourage shareholder participation at general meetings and to allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Board encourages shareholders to attend the general meetings to ensure a greater level of shareholders' participation and to meet with the Board and Management so as to stay informed of the Group's developments. All shareholders of the Company will receive the notice of the general meetings. The notice is also advertised in the newspaper and made available via SGXNET and the Company website. At the general meetings, shareholders will be given opportunities to raise issues and direct questions regarding the Group to the Directors or the Management. The Directors, including the Chairmen of each of the Board Committee, the Management, as well as the Company's external auditors will be present at the general meetings to address shareholders' queries.

Shareholders can vote in person or appoint not more than two proxies to attend and vote on their behalf. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

On 3 January 2016, the Companies Act was amended to, among other things, allow any member who is a "relevant intermediary"to appoint more than two proxies to attend and vote in general meetings. A relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the CPF Board which purchases shares on behalf of the CPF investors. The directors have proposed the adoption of the New Constitution of the Company, which contains provisions that streamlines the Constitution of the Company with such aforementioned change in the Companies Act.

The Company practises having separate resolutions at general meetings on each substantially separate issue.

The Company will make available minutes of general meetings to shareholders upon their requests.

ADDITIONAL INFORMATION

DIVIDENDS

The Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, the Group's development plans and other factors as the Directors may deem appropriate.

The Group did not declare a dividend in FY2015 in light of the Group's financial performance.

Corporate Governance Report

DEALINGS IN SECURITIES

The Company has adopted internal codes of conduct pursuant to Rule 1204(19) of the Catalist Rules applicable to all its officers in relation to dealings in the Company's securities.

The Company and its officers are aware that it is an offence to deal in its securities as well as securities of other listed issuers when in possession of unpublished material price-sensitive information in relation to those securities.

As required under Chapter 12 of the Catalist Rules, the Company and its officers do not deal in the Company's securities on short-term considerations and they are not allowed to deal in the Company's shares during the period commencing one month before the announcement of half-year or full year results and ending on the date of the announcement of these results. Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within permitted trading period.

MATERIAL CONTRACTS

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 Hengfai Business Development Pte. Ltd. ("**HBD**"), an associate of Mr Chan Heng Fai, an Executive Director and Chief Executive Officer of the Company (the "**Loan Agreement**"). 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.

On 30 September 2015, SeD Home had drawn down US$10.5 million (the "**Loan**") pursuant to the Loan Agreement.

The Loan shall be repaid in full by SeD Home to HBD on or before the maturity date of the loan, which shall be the date falling six (6) months from the date of the Loan, and may be extended for a further period of six (6) months. However, the Loan may be repayable on demand by HBD after the extension.

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 Loan by any combination of the following methods, provided always that all regulatory requirements including but not limited to the Catalist Rules and the Singapore Code on Take-Overs and Merger, 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.

Save as disclosed in the Report of the Directors and Financial Statements, the service agreements between the Executive Directors and the Company, and above, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, any directors or controlling shareholders which are either still subsisting as at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARMC and that these transactions are conducted at arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders.

Pursuant to Rule 907 of the Listing Manual, Section B: Rules of Catalist of the SGX-ST, the details of the interested person transactions entered into during FY2015 were as follows:

On 27 April 2015, the Shareholders had renewed a general mandate (the "**IPT General Mandate**"), previously approved on 18 June 2014, for the Group's Property Development Business to enter into certain transactions with Mr Chan Heng Fai and his associates. The transactions applicable under the IPT General Mandate are sourcing of projects and business development activities; professional management services of property development and investment projects and sales & marketing services for property development projects of the Group.

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 Catalist Rules)	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules** (excluding transactions less than S$100,000)
Interest accrued on Exchangeable Notes[(1)]		
■ Chan Heng Fai[(2)]	S$630,000	–
■ Teh Wing Kwan[(3)]	S$90,000	–
Transactions for purchase of services		
■ Inter-America Management Corp[(4)]	–	S$473,463

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) Inter-America Management Corp ("**IAD**") was a company indirectly 55.93% held by Mr Chan Heng Fai and his immediate family (until 27 July 2015) and accordingly an associate of Mr Chan Heng Fai. The management service agreements in connection with Black Oak and Ballenger Run projects were mutually terminated with effect from 15 June 2015.

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 and HBD. For further details of the loan agreement, please refer to the section on "Material Contracts" in this Corporate Governance Report.

Corporate Governance Report

UPDATE ON USE OF PROCEEDS

RIGHTS ISSUE IN FY2014

The net proceeds from the rights issue of shares in FY2014 (the "**Rights Issue**") had been fully utilised as at the date of this report after the reallocations ("**Reallocations**") announced on 30 December 2014. Details of usages are set out below:

			Amount of Net Proceeds After the Reallocations and as at the date of this announcement			
	Percentage allocation as disclosed in OIS	In accordance with percentage allocation as disclosed in OIS (S$'000)	Reallocated (S$'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	(10,642)[a]	(2,106)	–
Exploration of and investment in new project opportunities under the Group's Property Development Business	30%	12,193	2,032	(7,628)[b]	(5,596)	–
Temporary financing to existing property development projects	–	–	10,161[c]	(10,161)	–	–
Exploration of and investment in new project opportunities under the Group's Information Technology Business	30%	12,193	9,753	(4,863)[d]	4,890	–
Investment Business	15%	6,096	6,096	(649)	5,447	–
General working capital	10%	4,064	4,064	(6,699)	(2,635)	–
Total	**100%**	**40,642**	**40,642**	**(40,642)**	**–**	**–**

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

(a) an aggregate amount of S$10.6 million was 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.

(b) an aggregate amount of S$7.6 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 amount of S$10.2 million initially allocated for the exploration of and investment in new project opportunities under the Group's Property Development Business was reallocated for the temporary financing of the Company's existing property development projects, namely Black Oak and Mandurah projects.

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(d) an aggregate amount of S$4.9 million was used in investment and development projects in Information technology Business, principally in HotApp, a mobile application.

(e) an aggregate amount of S$6.7 million, detailed below, was used for the Group's general working capital:

	The Group (S$'000)
Professional fees	2,154
Payroll	2,251
Exchangeable Notes - Interest	900
Director Fees – FY2014	307
Director Fees – FY2015	39
Rental, office expenditure and other operating expenses	1,048
	6,699

PRIVATE PLACEMENT

The net proceeds from the private placement of 15,000,000 shares which was completed on 20 July 2015 were used for the Group's general working capital and had been fully utilised. Details of principal disbursements are set out below:

		The Group (S$'000)
Net Proceeds		**1,162**
Usage in General Working Capital		
Professional fees	259	
Rental, office expenditure and other operating expenses	257	
Payroll	526	
Director fees – FY2015	121	
Utilised amount to-date		**1,162**
Unutilised amount		**–**

PRIVATE BOND

The net proceeds from the issuance of the US$2 million private bond announced by the Company on 22 May 2015 of approximately US$1.92 million have been partially utilised to fund property development projects in the United States of America (the "**USA**") and partially redeemed. Accordingly, as at the date of this report, the utilisation of net proceeds is set out below:

Use of Net Proceeds	Percentage Allocation	Utilised (US$'000)	Unutilised (US$'000)
Property development projects in the USA	100%	665	1,257
Total	100%	665	1,257
Less: amount redeemed on 21 March 2016			(1,000)
Amount remained unutilised			257

NON-SPONSOR FEES

During FY2015, there was no non-sponsor fees paid to the sponsor, Hong Leong Finance Limited.

Directors' Statement

The directors hereby present their statement to the members together with the audited consolidated financial statements of Singapore eDevelopment Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, based on factors as described in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Basil Chan
Chan Heng Fai
Chan Tung Moe
Chan Yu Meng
Cui Peng
Lum Kan Fai Vincent
Teh Wing Kwan
Tao Yeoh Chi

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year or at date of appointment	At the end of financial year	At the beginning of financial year or at date of appointment	At the end of financial year
Ordinary shares of the Company				
Chan Heng Fai	46,750,000	46,750,000	38,250,000	38,250,000
Teh Wing Kwan	91,000	91,000	–	–
Cui Peng	500	500	–	–
Bonus Warrants of the Company				
Chan Heng Fai	8,780,434	8,780,434	17,124,347	17,124,347
Teh Wing Kwan	5,434	5,434	–	–
Cui Peng	295,978	295,978	–	–
Piggyback Warrants of the Company				
Chan Heng Fai	–	–	2,217,391	2,217,391
Exchangeable Notes issued by a subsidiary*				
Chan Heng Fai	–	–	14	14
Teh Wing Kwan	2	2	–	–

** Each exchangeable note is denominated in $250,000.*

Share options of the Company				
Chan Heng Fai	1,061,333	1,061,333	–	–
Basil Chan	796,000	796,000	–	–
Chan Yu Meng	530,667	530,667	–	–
Teh Wing Kwan	796,000	796,000	–	–
Tao Yeoh Chi	530,667	530,667	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Directors' Statement

Directors' interests in shares or debentures (cont'd)

Options of the directors who cease to be employed by the Group may lapse, become null and void unless at the absolute discretion of the Remuneration Committee, allow them to exercise any unexercised option within the relevant option period.

As at end of the financial year, by virtue of Section 7 of the Companies Act, Chan Heng Fai is deemed to be interested in the shares held by the Company in its subsidiaries.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

At an Extraordinary General Meeting held on 20 November 2013, shareholders approved the Singapore eDevelopment Limited Share Option Scheme (the "Option Scheme") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees respectively.

The Option Scheme is administered by the Remuneration Committee whose members are:

Tao Yeoh Chi	(Chairman)
Chan Yu Meng	(Member)
Basil Chan	(Member)

During the financial year, the Company did not grant share options under the Option Scheme.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Option Scheme as at 31 December 2015 are as follows:

Grant date	Exercise price (S$)	Options outstanding as at 1 January 2015	Options granted	Options adjusted / forfeited	Options outstanding as at 31 December 2015	Expiry date
31 December 2013	0.12	1,857,334	–	–	1,857,334	31 December 2018
31 December 2013	0.12	1,061,333	–	–	1,061,333	31 December 2023
31 December 2014	0.11	796,000	–	–	796,000	31 December 2019
Total		3,714,667	–	–	3,714,667	

Options (cont'd)

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Option Scheme are as follows:

Name of director	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options adjusted / forfeited	Aggregate options outstanding as at end of financial year
Chan Heng Fai	–	1,061,333	–	1,061,333
Basil Chan	–	796,000	–	796,000
Chan Yu Meng	–	530,667	–	530,667
Teh Wing Kwan	–	796,000	–	796,000
Tao Yeoh Chi	–	530,667	–	530,667
Total	–	3,714,667	–	3,714,667

Since the commencement of the Option Scheme till the end of the financial year:

- No participant has received 5% or more of the total options available under the Option Scheme
- No options that entitled the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been exercised
- 2,918,667 share options were granted at a discount up to 50% of market price.

Audit committee

The Audit Committee carried out its functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report as set out in the Annual Report of the Company.

Directors' Statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Basil Chan
Director

Chan Heng Fai
Director

Singapore
4 April 2016

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Report on the financial statements

We have audited the accompanying financial statements of Singapore eDevelopment Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 42 to 121, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statement of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Basis for qualified opinion

The 2014 comparative consolidated cash flow statement of the Group presented in these financial statements includes the cash flows of CCM Industrial Pte Ltd ("CIPL" or the "Disposed subsidiary") from 1 January 2014 to 21 May 2014, being the date of disposal of CIPL by the Group in the previous financial year. In the prior year's audit, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the cash flows of CIPL from 1 January 2014 to 21 May 2014 were appropriate and proper for inclusion in the consolidated cash flow statement of the Group for that financial year. In addition, certain notes to the 2014 financial statements (property, plant and equipment, related party transactions, income tax, discontinued operation, investment in subsidiaries and segment reporting, collectively, the "2014 CIPL Related Notes") also included amounts of CIPL from 1 January 2014 to 21 May 2014 and we were also unable to determine if these amounts were appropriate and proper for the preparation of the 2014 CIPL Related Notes. Accordingly, we did not express an opinion on the Group's consolidated cash flow statement for the year ended 31 December 2014 and the 2014 CIPL Related Notes. Our audit opinion on the Group's consolidated balance sheet, statement of comprehensive income and statement of changes in equity for the year ended 31 December 2014 was not modified. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis of qualified opinion paragraph, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 2 to the financial statements. The Group incurred a net loss of $3,386,000 and negative operating cash flow of $36,925,000 during the financial year ended 31 December 2015 and as at that date, the Group has a net undiscounted financial liabilities of $19,617,000 due within the next twelve months. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

As disclosed in Note 2, the directors are of the view that the Group will be able to continue as a going concern by raising additional funds through the placement of new shares, extension of certain loans maturing within the next twelve months, and generating positive cash flows from its operations. In addition, the Group has also obtained an undertaking from a substantial shareholder to not demand repayment of existing loans granted to the Group, as well as to provide continuous financial support to the Group.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify certain non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
4 April 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000 (restated)
<u>Continuing operations</u>			
Revenue	4	4,337	–
Cost of sales		(3,591)	(41)
Gross profit/(loss)		746	(41)
Other items of income			
Other income	5	6,366	466
Finance income	6	20	–
Other items of expense			
Marketing expenses		(1,206)	(178)
Research and development		(1,845)	(231)
Administrative expenses		(6,534)	(3,875)
Finance costs	7	(139)	(11)
Other expenses	8	(1,205)	(3,785)
Share of loss of an associate	16	(156)	–
Loss before tax from continuing operations	9	(3,953)	(7,655)
Income tax benefit	11	381	–
Loss from continuing operations, net of tax		(3,572)	(7,655)
<u>Discontinued operation</u>			
Profit/(loss) from discontinued operation, net of tax	12	186	(13,088)
Loss for the year		(3,386)	(20,743)
Other comprehensive income:			
Item that may be reclassified subsequently to profit and loss			
Foreign currency translation, representing total other comprehensive income for the year, net of tax		(62)	(7)
Total comprehensive income for the year		(3,448)	(20,750)

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000 (restated)
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(3,480)	(7,642)
Profit/(loss) from discontinued operation, net of tax		186	(13,088)
Loss for the year attributable to owners of the Company		(3,294)	(20,730)
Non-controlling interests			
Loss from continuing operations, net of tax		(92)	(13)
Loss for the year attributable to non-controlling interests		(92)	(13)
Total loss for the year		(3,386)	(20,743)
Total comprehensive income attributable to:			
Owners of the Company		(3,356)	(20,737)
Non-controlling interests		(92)	(13)
Total comprehensive income for the year		(3,448)	(20,750)
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax, comprising:			
– Loss from continuing operations		(3,480)	(7,642)
– Other comprehensive income		(62)	(7)
		(3,542)	(7,649)
Total comprehensive income from discontinued operation, net of tax		186	(13,088)
Total comprehensive income for the year attributable to owners of the Company		(3,356)	(20,737)
Loss per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	33	(1.2)	(8.3)
Loss per share (cents per share)			
Basic and diluted	33	(1.1)	(22.5)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	358	128	20	9
Intangible asset	14	–	98	–	–
Investment in subsidiaries	15	–	–	222	926
Investment in associates	16	277	–	–	–
		635	226	242	935
Current assets					
Trade and other receivables	17	6,300	298	23,810	22,365
Prepaid operating expenses		211	181	36	69
Properties under development	18	52,565	17,278	–	–
Properties held for sale	19	1,819	–	–	–
Investment securities	21	21	–	21	–
Bank deposits pledged	20	3,752	344	–	–
Cash and cash equivalents	20	7,123	21,184	3,115	15,488
		71,791	39,285	26,982	37,922
Total assets		72,426	39,511	27,224	38,857
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	14,755	3,517	1,807	1,837
Provision for claims	23	812	3,461	812	3,461
Derivatives	24	1,036	5,869	1,036	5,869
Loans and borrowings	25	28,473	1,609	2,830	1,500
		45,076	14,456	6,485	12,667
Net current assets		26,715	24,829	20,497	25,255
Non-current liabilities					
Loans and borrowings	25	3,500	3,269	–	–
Total liabilities		48,576	17,725	6,485	12,667
Net assets		23,850	21,786	20,739	26,190
Equity attributable to owners of the Company					
Share capital	26	68,521	67,359	68,521	67,359
Capital reserve	26	500	–	–	–
Employee share option reserve	26	549	237	549	237
Foreign currency translation reserve	26	(69)	(7)	–	–
Accumulated losses		(49,083)	(45,789)	(48,331)	(41,406)
		20,418	21,800	20,739	26,190
Non-controlling interests		3,432	(14)	–	–
Total equity		23,850	21,786	20,739	26,190
Total equity and liabilities		72,426	39,511	27,224	38,857

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

		Attributable to owners of the Company							
Group	Note	Share capital $'000	Accumulated losses $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Employee share option reserve $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
2015									
At 1 January 2015		67,359	(45,789)	–	(7)	237	21,800	(14)	21,786
Loss for the year		–	(3,294)	–	–	–	(3,294)	(92)	(3,386)
Other comprehensive income									
Foreign currency translation, representing other comprehensive income for the year, net of tax		–	–	–	(62)	–	(62)	–	(62)
Total comprehensive income for the year		–	(3,294)	–	(62)	–	(3,356)	(92)	(3,448)
Contributions by owners									
Issuance of new ordinary share	26	1,215	–	–	–	–	1,215	–	1,215
Share issuance expenses	26	(53)	–	–	–	–	(53)	–	(53)
Deemed capital contribution arising from interest free loan	26	–	–	500	–	–	500	–	500
Grant of equity-settled share options to employees	10	–	–	–	–	312	312	–	312
Total contributions by owners		1,162	–	500	–	312	1,974	–	1,974

Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Note	Share capital	Accumulated losses	Capital reserve	Foreign currency translation reserve	Employee share option reserve	Equity attributable to owners of the Company, total	Non-controlling interests	Total equity
		Attributable to owners of the Company							
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015									
Changes in ownership interests in subsidiaries									
Issuance of share by a subsidiary	15	–	–	–	–	–	–	3,538	3,538
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	3,538	3,538
Total transactions with owners in their capacity as owners		1,162	–	500	–	312	1,974	3,538	5,512
At 31 December 2015		68,521	(49,083)	500	(69)	549	20,418	3,432	23,850

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Note	Share capital $'000	Accumulated losses $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Employee share option reserve $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
2014									
At 1 January 2014		15,809	(25,059)	(2,569)	–	–	(11,819)	–	(11,819)
Loss for the year		–	(20,730)	–	–	–	(20,730)	(13)	(20,743)
Other comprehensive income									
Foreign currency translation, representing other comprehensive income for the year, net of tax		–	–	–	(7)	–	(7)	–	(7)
Total comprehensive income for the year		–	(20,730)	–	(7)	–	(20,737)	(13)	(20,750)
Contributions by owners									
Issuance of new ordinary share pursuant to exercise of Bonus and Piggyback Warrants	26	11,045	–	–	–	–	11,045	–	11,045
Issuance of new ordinary share pursuant to rights issue and bonus shares issue	26	40,947	–	–	–	–	40,947	–	40,947
Share issuance expenses	26	(442)	–	–	–	–	(442)	–	(442)
Grant of equity-settled share options to employees	10	–	–	–	–	237	237	–	237
Total contributions by owners		51,550	–	–	–	237	51,787	–	51,787

Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Note	Share capital	Accumulated losses	Merger reserve	Foreign currency translation reserve	Employee share option reserve	Equity attributable to owners of the Company, total	Non-controlling interests	Total equity
		Attributable to owners of the Company							
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014									
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary	15	–	–	–	–	–	–	(1)	(1)
Disposal of a subsidiary		–	–	2,569	–	–	2,569	–	2,569
Total changes in ownership interests in subsidiaries		–	–	2,569	–	–	2,569	(1)	2,568
Total transactions with owners in their capacity as owners		51,550	–	2,569	–	237	54,356	(1)	54,355
At 31 December 2014		67,359	(45,789)	–	(7)	237	21,800	(14)	21,786

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

Company	Note	Share capital	Employee share option reserve	Accumulated losses	Total Equity
		$'000	$'000	$'000	$'000
2015					
At 1 January 2015		67,359	237	(41,406)	26,190
Loss net of tax, representing total comprehensive income for the year		–	–	(6,925)	(6,925)
Contributions by and distributions to owners					
Issuance of new ordinary shares	26	1,215	–	–	1,215
Share issuance expenses	26	(53)	–	–	(53)
Grant of equity-settled share options to employees	10	–	312	–	312
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		1,162	312	–	1,474
At 31 December 2015		68,521	549	(48,331)	20,739
2014					
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)
Contributions by and distributions to owners					
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants	26	11,045	–	–	11,045
Issuance of new ordinary shares pursuant to rights issue and bonus shares issue	26	40,947	–	–	40,947
Share issuance expenses	26	(442)	–	–	(442)
Grant of equity-settled share options to employees	10	–	237	–	237
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		51,550	237	–	51,787
At 31 December 2014		67,359	237	(41,406)	26,190

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Operating activities			
Loss before tax from continuing operations		(3,953)	(7,655)
Profit/(loss) before tax from discontinued operation	12	186	(13,088)
Loss before tax, total		(3,767)	(20,743)
Adjustments for:			
Depreciation of property, plant and equipment	13	72	311
Gain on disposal of property, plant and equipment		–	(12)
Gain on disposal of a subsidiary	15	–	(19,170)
Net fair value (gain)/loss on derivative liability	24	(4,833)	2,961
Grant of equity-settled share options to employees	10	312	237
Allowance for doubtful debt	17	963	15,517
(Write back of)/listing expenses	8	(109)	468
Litigation claim	25	(2,093)	–
Provision for claims	23	991	3,461
Impairment of intangible asset	14	98	–
Share of loss of an associate	16	156	–
Withholding tax expense	8	1,117	356
Unrealised exchange gain	5	(1,531)	(412)
Interest cost		139	59
Interest income	6	(20)	–
Total adjustments		(4,738)	3,776
Operating cash flows before changes in working capital		(8,505)	(16,967)
Changes in working capital:			
Increase in trade and other receivables		(506)	(6,125)
Increase in prepaid operating expenses		(30)	(340)
Increase in gross amount due from customers for contract work-in-progress		–	(7,350)
Increase in properties under development		(30,308)	(14,365)
Increase in properties held for sales		(1,844)	–
Increase in investment securities		(21)	–
Increase in trade and other payables		6,504	10,009
Total changes in working capital		(26,205)	(18,171)
Cash flows used in operations		(34,710)	(35,138)
Interest received		20	–
Interest paid		(2,235)	(1,934)
Net cash flows used in operating activities		(36,925)	(37,072)

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Investing activities			
Purchase of property, plant and equipment	13	(303)	(135)
Investment in an associate	16	(433)	–
Proceeds from disposal of property, plant and equipment		–	27
Net cash outflow on acquisition of subsidiaries	15	–	(416)
Net cash outflow on disposal of a subsidiary	15	–	(227)
Net cash flows used in investing activities		(736)	(751)
Financing activities			
Proceeds from loans and borrowings		4,636	11,533
Proceeds from issuance of ordinary shares	26	1,215	51,992
Proceeds from issuance of exchangeable notes		–	4,000
Proceeds from loan from a shareholder/previous director		14,860	3,000
Proceeds from issuance of private-participation bond	25	2,830	–
Proceeds from issuance of shares to minority interest	15	3,538	–
Repayments of loans and borrowings		–	(8,649)
Repayments of obligations under finance leases		–	(116)
Increase in bank deposits pledged		(3,436)	(41)
Share issue expense	26	(53)	(442)
Net cash flows from financing activities		23,590	61,277
Net (decrease)/increase in cash and cash equivalents		(14,071)	23,454
Effect of exchange rate changes on cash and cash equivalents		10	27
Cash and cash equivalents at 1 January		21,184	(2,297)
Cash and cash equivalents at 31 December	20	7,123	21,184

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

1. Corporate information

Singapore eDevelopment Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 10 Winstedt Road #02-02, Singapore 227977.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 15.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

Fundamental accounting concepts

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a loss of $3,386,000 (2014: $20,743,000) and negative operating cash flow of $36,925,000 (2014: $37,072,000) during the financial year ended 31 December 2015 and as at that date, the Group has a net undiscounted financial liabilities due within next twelve month of $19,617,000 (2014: net financial asset of $15,800,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Directors are of the view that it is appropriate to prepare the Group's financial statements on the going concern basis after considering the following factors:

- Subsequent to the end of the financial year, the Company proposed to place 117,000,000 new shares of the Company at $0.06 per share ("Private Placement") to Hengfai Business Development Pte Ltd ("HBD"), a substantial shareholder. HBD is wholly-owned by Mr Chan Heng Fai ("CHF"), CEO, an executive director and controlling shareholder of the Company. Net proceeds raised of $6.9 million will be principally used to redeem all outstanding 18% Exchangeable Notes issued by Singapore Construction & Development Pte Ltd, a wholly-owned subsidiary of the Company. The Private Placement is subject to approval of independent shareholders of the Company;

- The Group intends to exercise the option to extend certain loan maturing within the next 12 months;

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

Fundamental accounting concepts (cont'd)

- The Group expects to generate positive cash flows as the Group does not envisage adverse events which may affect its ability to meet its contractual obligations;
- In addition to the Private Placement, HBD has provided a letter of financial support, in which HBD has agreed to provide the following:
  - financial and other supports of up to $7.5 million at comparable market terms; and
  - undertaking not to demand repayment of a USD10.5 million (equivalent to $14.86 million) bridging loan granted to the Group, except when the cash flows of the Group permit repayment and such repayment will not adversely affect the ability of the Group to meet its liabilities as and when they fall due;
- The Group will conduct further fund raising in order to meet its payment obligations, if necessary.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(a) *Basis of consolidation (cont'd)*

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss; and

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by FRS.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations* (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loses.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss.

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Years
Access equipment systems	7
Yard equipment	5
Plant equipment	10
Office and computer equipment	3-5
Furniture and fittings	3-5
Motor vehicles	10
Dormitory	6

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets (cont'd)***

(a) *Software cost*

Software cost is amortised using the straight-line method over its useful life, generally 3 to 5 years. Where an indication of impairment exists, the carrying amount of the related intangible asset is assessed for recoverability. Any resulting impairment losses are recognised immediately in the profit and loss.

(b) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

2.11 ***Associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investment in associate is accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial Instruments***

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Financial assets which are held for trading

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.12 *Financial Instruments (cont'd)*

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designed as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Other financial liabilities

After initial recognition, financial liabilities that are not carried at fair value are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial Instruments (cont'd)***

(c) ***Offsetting of financial instruments***

Financial assets and liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.15 *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate which is determined by reference to professional surveys of work performed.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

2. Summary of significant accounting policies (cont'd)

2.15 *Construction contracts (cont'd)*

Assets covered by a single contract are treated separately when:

– Separate proposals have been submitted for each asset;

– Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset; and

– The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

– The group of contracts are negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and

– The contracts are performed concurrently or in a continuous sequence.

2.16 *Properties under development*

Properties under development are properties being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Properties under development are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of properties under development is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of properties under development recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.17 *Properties held for sale*

Properties held for sale are acquired with the intention for sale in the ordinary course of business.

Properties held for sale are stated at the lower of cost or net realisable value. Related acquisition expense, interest and other related expenditure are capitalised as part of the cost of properties held for sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.18 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 *Convertible instrument with embedded derivative*

Convertible loan with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract.

On issuance of convertible loans, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.21 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee share option plans*

Certain employees and directors of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

2.22 ***Leases***

As lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.23 ***Discontinued operation***

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.24 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Construction contract income*

Revenue from construction contracts is recognised by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to professional surveys of work performed. Please refer to Note 2.15 for more details.

(b) *Rental income*

Rental income arising on access equipment systems is accounted for on a straight-line basis over the lease terms.

(c) *Rendering of services*

Revenue from the installation of equipment is recognised by reference to the stage of completion at the end of the reporting period. Stage of completion is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(d) *Sale of properties*

Revenue from sale of properties is recognised upon the transfer of significant risk and rewards of ownership of the properties to the buyer, usually coincides with the transfer of the title deed. Revenue is not recognised to the extent where there are significant uncertainty regarding recovery of the consideration due or associated costs.

(e) *Interest income*

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit not taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.25 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.26 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.27 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 ***Judgements made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) *Impairment in investment in subsidiaries*

Investment in subsidiaries is tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgement is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the investment in subsidiaries at the end of the reporting period. If the recoverable amount of the investment in subsidiaries is less than its carrying amount, an impairment loss is recognised in the Company's profit or loss to reduce the carrying amount of the investment in subsidiaries to its recoverable amount. For the financial year ended 31 December 2015, an impairment loss of $5,456,000 (2014: $3,661,000) was recognised in the Company's profit or loss to write down one (2014: two) subsidiary to their recoverable amounts.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Significant accounting judgements and estimates (cont'd)

3.1 *Judgements made in applying accounting policies (cont'd)*

(b) *Determination of underlying variables in profit participating bond*

The Group issued a profit participating private bond, which confers a right for the bondholder to receive in aggregate 30% of the net profit after tax received from the Group's property development projects in the United States, attributable directly to the proportion of the bondholder's funds invested in these property development projects. As the bond's cash flow is modified according to the profitability of the profit, management has to exercise judgement in determining if this embedded feature meets the definition of a derivative.

Management determines that the net profit is a non-financial variable as it is driven by a number of different factors many of which are non-financial in nature and specific to Group, including the general business risks faced by the Group as well as the locations of the property development. Accordingly, management has assessed that the embedded feature does not meet the definition of a derivative according to FRS 39. As there is no embedded derivative, the profit participating bond is accounted as a financial liability carried at amortised cost. The carrying amount of the profit participation bond is disclosed in Note 25.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 17.

3. Significant accounting judgements and estimates (cont'd)

3.2 *Key sources of estimation uncertainty (cont'd)*

(b) *Provision for claims*

The Group has recognised a provision of $812,000 (2014: $3,461,000) relating to claims. Prior to the disposal of CCM Industrial Pte. Ltd. ("CIPL"), the Company has provided corporate indemnities for benefits of CIPL in conjunction with construction projects undertaken by CIPL. The outstanding corporate indemnities as at the end of the reporting period amounted to $812,000 (2014: $6,922,000).

In the previous financial year, the Group has estimated that it is 50% probable that the corporate indemnities will be called and accordingly, management has provided for 50% of the outstanding corporate indemnities. However, in the current financial year, management has re-assessed the provision for claims based on the actual historical claims and noted that more than 50% of the outstanding corporate indemnities were claimed during the current financial year. Hence, management has revised the estimates for provision for claims and as at the end of the reporting period, management has made full provision for the outstanding claims. Had management provided for the provision for claims using the same basis as the previous financial year which is based on 50% of the outstanding corporate indemnities, loss for the year would have reduced by $406,000.

(c) *Fair valuation of derivative embedded in exchangeable notes*

On 21 February 2014, a subsidiary of the Group, Singapore Construction & Development Pte. Ltd. issued exchangeable notes amounting to $5 million which are denominated in denomination of $250,000 each. These exchangeable notes carry an interest rate of 18% per annum which is payable to the note holders at each anniversary date.

As at the date of issuance of the exchangeable notes, the fair value of the derivative liability component is measured by using a binomial model and market observable inputs (Note 30). Management is required to use judgement to determine the most appropriate valuation model and assumptions. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The market observable data include considerations on historical volatility of share price, risk free rate and dividend yield.

Changes in assumptions about these factors could affect the subsequent measurement of the fair value of the derivative liability. The carrying amount and valuation of the derivative liability is described in Note 24 and the sensitivity analysis and key assumptions are disclosed in Notes 29 and 30 respectively.

4. Revenue

Revenue mainly pertains to the sale of properties acquired for trading.

Notes to the Financial Statements

For the financial year ended 31 December 2015

5. Other income

		Group	
	Note	2015	2014
		$'000	$'000
Unrealised foreign exchange gain, net		1,531	412
Net fair value gain on derivative liability	24	4,833	–
Others		2	54
		6,366	466

6. Finance income

	Group	
	2015	2014
	$'000	$'000
Interest income from loans and receivables	20	–

7. Finance costs

	Group	
	2015	2014
	$'000	$'000
Interest expense on bank borrowings	139	11

8. Other expenses

		Group	
	Note	2015	2014
		$'000	$'000 (restated)
Net fair value loss on derivative liability	24	–	2,961
Impairment of intangible asset	14	98	–
Allowance for doubtful debt		99	–
Withholding tax expenses		1,117	356
(Write back of)/listing expenses	15	(109)	468
		1,205	3,785

9. Loss before tax from continuing operations

The following items have been included in arriving at loss before tax from continuing operations:

	Note	Group 2015 $'000	Group 2014 $'000
Audit fees			
– Auditors of the Company		272	183
– Other auditors		195	58
Non-audit fee paid to auditors of the Company		–	35
Depreciation of property, plant and equipment		72	10
Employee benefits	10	4,279	2,294
Legal and other professional fees		3,093	1,441
Operating lease expenses		387	170

10. Employee benefits (including directors)

	Group 2015 $'000	Group 2014 $'000
Salaries, wages and bonuses	3,475	1,957
Contribution to defined contribution plans	426	100
Share-based payment (Employee share option plan)	312	237
Others short-term benefits	66	–
	4,279	2,294

Share option plans

Singapore eDevelopment Limited Stock Option Scheme (the "Scheme")

The Scheme was approved by the members of the Company at an Extraordinary General Meeting held on 20 November 2013. The Scheme is administered by the Company's Remuneration Committee.

The members of the Remuneration Committee as at the date of this report are as follows:

Tao Yeoh Chi	(Chairman)
Chan Yu Meng	(Member)
Basil Chan	(Member)

10. Employee benefits (cont'd)

Share option plans (cont'd)

Other information regarding the Scheme is as follow:

– Employees, Executive Director, and Non-Executive Directors (including the Independent Directors) of the Group, including those who may be Controlling Shareholders, shall be eligible to participate in the Scheme.

– The subscription price of the option may be set at a price equal to the average of the closing market prices of the Company's share over a period of five (5) consecutive market days immediately prior to the relevant date of grant ("Market Price") or at a discount up to 50% of Market Price.

– Options granted at Market Price may be exercised in whole or in part after 12 months from the relevant date of grant and options granted at a discount may only be exercised after 24 months from the relevant date of grant.

– All options expire after 5 years, from the date of grant, for Non-Executive Directors (including independent directors) and 10 years for employees of the Company and its subsidiaries.

– Options shall be forfeited if the option holder ceases to be an employee or director of the Company or its subsidiaries.

The Group does not have a past practice of cash settlement for these share options. There has been no cancellation or modification to the Scheme during the current financial year.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	2015		2014	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at 1 January	3,714,667	0.12	19,690,300	0.12
- Granted	–	–	796,000	0.11
- Forfeited/adjusted	–	–	(16,771,633)	0.12
- Expired	–	–	–	–
- Exercised	–	–	–	–
Outstanding at 31 December	3,714,667	0.12	3,714,667	0.12

The range of exercise price for options outstanding at the end of the year was $0.11 to $0.12 (2014: $0.11 to $0.12). The weighted average remaining contractual life for these options is 4.65 years (2014: 5.65 years).

10. Employee benefits (cont'd)

Share option plans (cont'd)

Fair value of share options granted

The fair value of the share options granted under the Scheme is estimated at the grant date using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted.

There have been no share options granted in the current financial year. In the previous financial year, 796,000 share options were granted with an exercise price of $0.11.

The following table lists the inputs to the option pricing model for the options granted in year ended 31 December 2014:

	2014
Dividend yield (%)	–
Expected volatility (%)	106.57
Risk–free interest rate (% p.a.)	1.60
Expected life of option (years)	5
Weighted average share price ($)	0.109

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

11. Income tax benefit

(a) *Major components of income tax benefit*

The major components of income tax benefit for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	$'000
Consolidated statement of comprehensive income:		
Deferred income tax - continuing operations		
- Origination and reversal of temporary differences	(381)	–
Statement of changes in equity:		
Deferred tax expense charged directly to equity		
- Day one fair value differential on interest free loan (Note 26)	381	–

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For the financial year ended 31 December 2015

11. Income tax benefit (cont'd)

(b) *Relationship between tax benefit and accounting loss*

A reconciliation between income tax benefit and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Loss before tax from continuing operations	(3,953)	(7,655)
Gain/(loss) before tax from discontinued operation	186	(13,088)
Loss before tax	(3,767)	(20,743)
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	(1,013)	(3,620)
Adjustments:		
Non-deductible expenses	1,189	6,550
Income not subject to taxation	(1,290)	(3,259)
Deferred tax assets not recognised	706	329
Share of loss of associate	27	–
Income tax benefit recognised in profit or loss	(381)	–

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The tax effect of the nature of expenses that are not deductible for income tax purpose are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Accrual for withholding tax expense	190	–
Provision for claims	168	588
Bad debts expenses	166	2,441
Listing expenses	–	80
Net fair value loss on derivative liability	–	503
Non-statutory expenses	665	620
Expenses from disposed subsidiary	–	2,257
Others	–	61
	1,189	6,550

11. Income tax benefit (cont'd)

The tax effect of the nature of income that are not subject to taxation are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Net fair value gain on derivative liability	821	–
Gain from disposal of subsidiary	–	3,259
Litigation claim	359	–
Others	110	–
	1,290	3,259

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $5,582,000 (2014: $1,390,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations.

Deferred tax asset and liability are set off when there is a legally enforceable right to set off and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deferred tax asset	381	–	–	–
Deferred tax liability	(381)	–	–	–
	–	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Discontinued operation

Following the Group's disposal of its construction business held under CCM Industrial Pte Ltd on 21 May 2014, the Group discontinued the construction business and reported its activities as part of Discontinued Operation in FY2014.

Income statement disclosures

The results of discontinued operation for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Revenue	–	15,518
Expenses	(65)	(47,728)
Loss from operations	(65)	(32,210)
Other expenses	(268)	–
Other income	519	–
Finance costs	–	(48)
Gain on disposal of a subsidiary	–	19,170
Profit/(loss) before tax from discontinued operation	186	(13,088)
Income tax expense	–	–
Profit/(loss) from discontinued operation, net of tax	186	(13,088)

Cash flow statement disclosures

The cash flows attributable to the discontinued operation are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Operating	(2,598)	5,969
Investing	–	(7)
Financing	–	(6,311)
Net cash outflows	(2,598)	(349)

Earnings/(loss) per share disclosure

Earnings/(loss) per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic and diluted	0.06	(14.18)

The basic and diluted earnings/(loss) per share from discontinued operation are calculated by dividing the earnings/(loss) from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. These earnings/(loss) and share data are presented in the tables in Note 33.

Notes to the Financial Statements

For the financial year ended 31 December 2015

13. Property, plant and equipment

Group	Motor vehicles $'000	Furniture and fittings $'000	Office and computer equipment $'000	Yard equipment $'000	Access equipment systems $'000	Plant equipment $'000	Dormitory $'000	Total $'000
Cost								
At 1 January 2014	1,666	82	480	962	3,557	428	1,114	8,289
Additions	–	61	74	–	–	–	–	135
Disposals	(51)	–	–	–	–	–	–	(51)
Disposal of a subsidiary	(1,615)	(82)	(481)	(962)	(3,557)	(428)	(1,114)	(8,239)
Exchange difference	–	2	2	–	–	–	–	4
At 31 December 2014 and 1 January 2015	–	63	75	–	–	–	–	138
Additions	138	3	162	–	–	–	–	303
Exchange difference	–	–	(1)	–	–	–	–	(1)
At 31 December 2015	138	66	236	–	–	–	–	440
Accumulated depreciation								
At 1 January 2014	923	77	378	565	3,069	168	552	5,732
Depreciation charge for the year	53	4	31	83	62	28	50	311
Disposals	(36)	–	–	–	–	–	–	(36)
Disposal of a subsidiary	(940)	(78)	(402)	(648)	(3,131)	(196)	(602)	(5,997)
At 31 December 2014 and 1 January 2015	–	3	7	–	–	–	–	10
Depreciation charge for the year	4	21	47	–	–	–	–	72
At 31 December 2015	4	24	54	–	–	–	–	82
Net carrying amount								
At 31 December 2014	–	60	68	–	–	–	–	128
At 31 December 2015	134	42	182	–	–	–	–	358

Notes to the Financial Statements
For the financial year ended 31 December 2015

13. Property, plant and equipment (cont'd)

Company	Office and computer equipment $'000
Cost	
At 1 January 2014	–
Additions	10
At 31 December 2014 and 1 January 2015	10
Additions	16
At 31 December 2015	26
Accumulated depreciation	
At 1 January 2014	–
Depreciation charge for the year	1
At 31 December 2014 and 1 January 2015	1
Depreciation charge for the year	5
At 31 December 2015	6
Net carrying amount	
At 31 December 2014	9
At 31 December 2015	20

14. Intangible asset

Group	Software cost $'000
Cost	
At 1 January 2014	–
Acquisition of a subsidiary (Note 15)	98
At 31 December 2014, 1 January 2015 and 31 December 2015	98
Accumulated amortisation and impairment losses	
At 1 January 2014, 31 December 2014 and 1 January 2015	–
Impairment loss	98
At 31 December 2015	98
Net carrying amount	
At 31 December 2014	98
At 31 December 2015	–

14. Intangible asset (cont'd)

Impairment of software cost

During the current financial year, the Group has decided to streamline and restructure the operations of its Information Technology business by significantly reducing its development and marketing personnel and marketing activities. This included the streamlining of critical and essential programmes. Accordingly, as at the end of the reporting period, management has carried out an impairment testing on the software cost and has written down the entire carrying amount of software cost which amounted to $98,000. An impairment loss of $98,000 (2014: Nil) was recognised in profit or less under the line item "Other expenses" for the financial year ended 31 December 2015.

15. Investment in subsidiaries

	Company	
	2015	**2014**
	$'000	$'000
Unquoted equity shares, at cost	5,678	5,628
Allowance for impairment losses	(5,456)	(4,702)
	222	926
Movement in allowance accounts:		
At 1 January	4,702	18,610
Charge during the year	5,456	3,661
Liquidation/disposal of subsidiaries	(4,702)	(17,569)
At 31 December	5,456	4,702

Impairment of subsidiary

During the current financial year, management performed an impairment test for the investment in Hotapp International Inc., as this subsidiary has been loss making. Management has written down the investment to its estimated recoverable amounts based on its estimated fair value less cost to sell. Management has assessed that the fair value less cost to sell approximates the extent of the net assets held by the subsidiary at the end of the reporting period. An impairment loss of $5,456,000 (2014: Nil) was recognised in profit or loss for the current financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

a. Composition of the Group

The Company has the following subsidiaries as at 31 December:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2015	2014
Singapore Construction & Development Pte. Ltd. [i]	Singapore	Property development	100	100
CCM Development Pte. Ltd.	Singapore	Dormant	–	100
CCM Manufacturing Pte. Ltd.	Singapore	Dormant	–	100
Global Techfund of Fund Pte. Ltd. (formerly known as CloudTech International Pte. Ltd.) [iv]	Singapore	Dormant	100	100
SeD Capital Pte. Ltd. [iv]	Singapore	Investment holding	100	–
Art eStudio Pte. Ltd. [iv]	Singapore	Dormant	51	51
BMI Capital Partners International Limited [iii]	Hong Kong	Investment holding	100	–
SeD Perth Pty Ltd [iv]	Australia	Property development	100	100
HotApp International, Inc. [ii]	United States of America	Investment holding	98.17	97.90
SeD Home, Inc. [iv]	United States of America	Property development	100	–
Singapore Construction Pte. Ltd. [i]	Singapore	Dormant	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2015	2014
CloudTV Pte. Ltd. iv	Singapore	Dormant	100	–
SeD Global Investment Pte. Ltd. iv	Singapore	Dormant	100	–
SeD Capital Shanghai Co. Ltd. iv	People's Republic of China	Computer software technology development, technical advice, technology transfer and technical services	100	–
SeD Capital Qingdao Investment Co., Ltd. iv	People's Republic of China	Capital market and investment related businesses	100	–
150 CCM Black Oak LP iv	United States of America	Property development	69@	64@
SeD Ballenger, LLC iv	United States of America	Property development	100	–
SeD Builder, LLC iv	United States of America	Property development	100	–
SeD Development Management, LLC iv	United States of America	Property development	85	–
SeD Development USA, Inc. iv	United States of America	Property development	100	–
SeD Texas, LLC iv	United States of America	Property development	100	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2015	2014
SeD USA, LLC [iv]	United States of America	Property development	100	100**
150 Black Oak GP, Inc [iv]	United States of America	Property development	50#	50#
SeD Maryland Development, LLC [iv]	United States of America	Property development	83.55	100*
HotApps International Pte. Ltd. [i]	Singapore	Marketing of information technologies	98.17	97.90
HotApps Call Pte. Ltd. [i]	Singapore	Distributions of calling cards	98.17	97.90
Guangzhou HotApps Technology Ltd [v]	People's Republic of China	Sale, marketing and support services of mobile application	98.17	97.90
HotApp International Limited [iii]	Hong Kong	Sale and Marketing of mobile application.	98.17	–

i Audited by Ernst & Young LLP, Singapore
ii Audited by Rosenberg Rich Baker Berman & Company
iii Audited by member firms of EY Global in the respective countries
iv Not required to be audited in accordance with the law of the country of incorporation
v Audited by Guangzhou Guangxing CPA Company Limited
* Previously held under SeD Development USA, Inc. Interest is transferred to SeD Home Inc. in the current financial year
** Previously held under Singapore Construction & Development Pte. Ltd. Interest is transferred to SeD Home, Inc.
@ *150 CCM Black Oak LP ("Black Oak LP")*
At the end of the reporting period, the Group has made the entire capital contribution of USD4.3 million (equivalent to $5.6 million) in Black Oak LP while no capital contribution is required from the other limited partners, ("Black Oak LP's non-controlling interests") in accordance with the partnership agreement dated 20 March 2014. The Group has the first priority on the return of this capital contribution before any distributions of profits to Black Oak LP's partners. The Group has not attributed any contributions to Black Oak LP's non-controlling interests as at 31 December 2015 and 2014.
150 Black Oak GP, Inc ("Black Oak")
On 20 March 2014, one of the subsidiaries of the Company, SeD USA, LLC, acquired 500 ordinary shares of Black Oak, which represented 50% of the total shareholding in Black Oak. The remaining 500 ordinary shares in Black Oak are held by Woodrow A.Holland, Trustee for The Fogarty Family Trust II ("Fogarty"), which is an external party. Notwithstanding that the Group only has 50% effective shareholding in Black Oak, management is of the view that they have control over this entity as the Group has the right to appoint the CEO who has a casting vote during board meetings where key decisions are made.

15. Investment in subsidiaries (cont'd)

b. Interest in subsidiaries with material non-controlling interest (NCI)

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period $'000	Accumulated NCI at the end of the reporting period $'000
31 December 2015				
SeD Maryland Development LLC	United States of America	16.45%	(10)	3,528

c. Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisitions and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest are as follows:

Summarised balance sheet

	SeD Maryland Development LLC 2015 $'000
Assets	31,785
Liabilities	(10,341)
Net assets	21,444

Summarised statement of comprehensive income

	SeD Maryland Development LLC 2015 $'000
Revenue	–
Loss before income tax	(59)
Income tax benefit	–
Loss after income tax, representing total comprehensive income	(59)

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

c. Summarised financial information about subsidiaries with material NCI (cont'd)

Other summarised information

	SeD Maryland Development LLC 2015 $'000
Net cash flows used in operations	(21,308)

d. Acquisition of subsidiaries

(i) HotApp International Limited. ("HotApp HK")

On 25 March 2015, HotApps International Pte Ltd, a subsidiary in which the Company holds a 98.17% (2014: 97.9%) in its equity interest through HotApp International Inc., has acquired 100% of issued share capital in HotApp HK for cash consideration of Hong Kong Dollars 1.00 ("HKD") (equivalent to $0.2) from Mr Chan Heng Fai. The consideration of the acquisition was based on the issued share capital of HotApp HK.

HotApp HK is dormant and has a net equity deficiency of HKD 5,456 (equivalent to $958) due to incorporation expenses as at the date of acquisition.

(ii) BMI Capital Partners International Limited ("BMICP")

On 15 June 2015, the Company acquired 100% of the issued share capital in BMICP and its subsidiary for a cash consideration of HKD 1.00 (equivalent to $0.2) from Mr Chan Heng Fai, for the purpose of the new investment business. BMICP has a wholly-owned subsidiary, SeD Capital Shanghai Co. Ltd. Both companies were dormant since their respective dates of incorporation.

BMICP and its subsidiary has a consolidated net equity deficiency of HKD 60,721 (equivalent to $10,652) comprising principally incorporation expenses as at the date of acquisition. The consideration of the acquisition at HKD 1.00 (equivalent to $0.2) is based on the issued share capital of BMICP.

(iii) SeD Capital Qingdao Investment Co., Ltd ("SeD Capital Qingdao")

On 30 December 2015, SeD Capital Shanghai Co. Ltd. acquired the entire equity interest of SeD Capital Qingdao for a cash consideration of RMB1.00 (equivalent to $0.21) on account that it is a dormant entity, for the purpose of the new investment business segment.

15. Investment in subsidiaries (cont'd)

d. Acquisition of subsidiary (cont'd)

(iv) HotApps International Pte. Ltd. ("HAIPL")

In the previous financial year, the Company entered into a conditional sale and purchase agreement with one of the directors, Mr Chan Heng Fai, to acquire the entire issued and paid up share capital of HAIPL at a consideration of $98,000. HAIPL, a Singapore incorporated entity owned a mobile application with proprietary developed technology. The acquisition is consistent with the Company's expansion strategy into the information technology industry.

The fair value of the identifiable assets and liabilities of HAIPL as at the acquisition date were:

	Fair value recognised on acquisition
	$'000
Software cost	98
Cash and cash equivalents	– *
Total identifiable net assets at fair value	98

* Amount is less than $1,000.

There are no identifiable liabilities as at the acquisition date. The total consideration transferred for the acquisition of the acquisition of HAIPL amounted to $98,000 which represents the net cash outflow on acquisition of HAIPL.

<u>Impact of the acquisition on profit or loss in the previous financial year</u>

From the acquisition date, HAIPL has contributed $556,000 to the Group's loss for the previous financial year. HAIPL has no revenue in the previous financial year. As there is no pre-acquisition reserves in relation to HAIPL, there would be no change to HAIPL's contribution to the Group's revenue and loss for the previous financial year had the business combination took place at the beginning of the previous financial year. HAIPL did not contribute to the Group's revenue in the previous financial year.

<u>Accounting of the acquisition of HAIPL</u>

Software of $98,000 has been identified as an intangible asset arising from this acquisition (Note 14).

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

d. Acquisition of subsidiary (cont'd)

(v) HotApp International Inc. ("HAI")

On 15 October 2014, the Company entered into a sale and purchase agreement ("S&P Agreement") with HAI. Pursuant to the S&P agreement, HAI shall acquire the entire issued and paid-up share capital of HAIPL. HAI is a non-trading public company listed but not traded on Over-The-Counter Bulletin Board ("OTCBB"), and is incorporated in the United States of America.

On 16 October 2014, the Company entered into various option agreements (the "Call Option Agreements") with certain shareholders of HAI for an aggregate consideration of USD 251,000 (equivalent to $330,000). The Call Option Agreements have an option period of two years from the date of the Call Option Agreements and allow the Company to purchase 4,015,000 ordinary shares of HAI from HAI's existing shareholders. It was the Company's intention to exercise the call options since the date the Company entered into the Call Option Agreements with the various shareholders. The call options were subsequently exercised on 31 December 2014, and accordingly, the Company's shareholding in HAI has increased from 19.5% to 97.9% at 31 December 2014.

The above transactions which comprise the acquisition of HAI and the entering of the Call Option Agreements are viewed as one single transaction as they are both closely related and as mentioned above, it was the Company's intention to exercise the Call Option Agreements.

As HAI is a non-trading public company that has no business activities, the acquisition of HAI does not constitute a business combination under FRS 103 *Business Combinations*. Management is of the view that they are acquiring the "public" status of HAI and accordingly, the excess of consideration paid and the acquisition date fair value of the net liabilities of HAI which amounted to $468,000, is accounted for as a listing expense which is recorded in the profit or loss under "Other expenses" for the year ended 31 December 2014.

The fair value of the identifiable assets and liabilities of HAI as at the acquisition date were:

	Fair value recognised on acquisition $'000
Cash and cash equivalents	12
Trade and other payables	54
Accruals	8
Loans and borrowings	89
	151
Total identifiable net liabilities	(139)
Non-controlling interest measured at the non-controlling interest's proportionate share of HAI's net identifiable assets	1
Cash paid on acquisition of HAI	(330)
Listing expenses	468

15. Investment in subsidiaries (cont'd)

d. Acquisition of subsidiary (cont'd)

(v) HotApp International Inc. ("HAI") (cont'd)

During the current financial year, the Group negotiated for a waiver of a loan amounting to USD 79,000 (equivalent of $109,000) and accordingly the amount waived is reported as a write back of the listing expense under "Other expenses" (Note 8) in profit or loss.

	Fair value recognised on acquisition $'000
Effect of the acquisition on cash flows	
Cash paid on acquisition of HAI	330
Less: Cash and cash equivalents of HAI	(12)
	318
Add: Cash paid on acquisition of HAIPL	98
Net cash outflow on acquisitions	416

Equity instruments acquired as part of consideration transferred

In connection with the acquisition of 97.9% equity interest in HAI, HAI issued 1,000,000 ordinary shares.

In addition, as part of the purchase agreement with HAI, HAI issued 13,800,000 perpetual preferred stocks.

Terms of the perpetual preferred stock are as follows:

(a) Each perpetual preferred stock is capable of converting into 5 ordinary shares of HAI upon the Hotapp software acquiring 9,426,230 users.

(b) For each 1,000,000 acquired users, the Company shall have the right to convert 1,464,000 perpetual preferred stocks into 7,320,000 ordinary shares of HAI.

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

e. Change in ownership interests in subsidiaries

(i) Increase in interest in 150 CCM Black Oak LP ("Black Oak LP")

During the current financial year, certain limited partners of CCM Black Oak LP transferred 5% of their residual interest in the limited partnership, in aggregate, to SeD Development USA, Inc, in consideration of extended financial support provided by SeD Development USA, Inc to the limited partnership in relation to development Black Oak. As a result, the total effective residual interest held by the Group in CCM Black Oak LP has increased to 69%.

(ii) Subscription of additional equity shares in HAI

In the previous financial year, the Company extended a short term loan of $5.25 million to HAI, a majority-owned subsidiary of the Company, for the purposes of software development, marketing and general working capital. The short term loan was in the form of a promissory note issued by HAI (the "Note").

During the current financial year, the Company entered into an agreement with HAI, to capitalise the short term loan, by converting the Note, into 777,687 new shares of HAI at USD 5.00 (equivalent of $7.00) each ("Conversion"). Following the Conversion, the Company's shareholding in HAI increased from 5,024,000 common shares (or 97.9% of the total issued outstanding common shares) to 5,801,687 common shares (or 98.17% of the total issued outstanding common shares).

(iii) Dilution of interest in SeD Maryland LLC ("SeD Maryland")

During the current financial year, SeD Maryland had entered into and completed a membership interest purchase agreement with SeD Ballenger, LLC ("SeD Ballenger") and CNQC Maryland Development LLC ("CNQC Maryland"), pursuant to which SeD Maryland issued to CNQC Maryland (the nominee of Qingjian International) the equity membership interest representing 16.45% of the total outstanding membership interests in SeD Maryland amounting to USD 2,500,000 (equivalent to $3,538,000).

15. Investment in subsidiaries (cont'd)

f. Loss of control in subsidiary

In the previous financial year, the Group entered into a sale agreement to dispose of 100% of its interest in its wholly-owned subsidiary, CCM Industrial Pte. Ltd. ("CIPL"), at $1. The disposal consideration was fully settled in cash. The disposal was completed on 21 May 2014, and the Group ceased to have control over CIPL as control was passed to the acquirer.

The value of assets and liabilities of CIPL recorded in the consolidated financial statements as at the date of disposal, and the effects of the disposal were:

	21.05.2014
	$'000
Property, plant and equipment	2,242
Construction work-in-progress	10,679
Trade and other receivables	6,636
Prepaid operating expenses	746
Bank deposit pledged	1,010
Cash and bank balances	227
	21,540
Trade and other payables	(35,963)
Accrued operating expenses	(4,299)
Loans and borrowings	(448)
Carrying value of net liabilities	(19,170)
Cash consideration	–*
Cash and cash equivalents of disposed subsidiary	(227)
Net cash outflow on disposal of disposed subsidiary	(227)

Gain on disposal:

	2014
	$'000
Cash received	–*
Net liabilities derecognised	(19,170)
Gain on disposal (Note 12)	(19,170)

* Amount is less than $1,000.

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For the financial year ended 31 December 2015

16. Investment in associate

	Group 2015 $'000	Group 2014 $'000
Unquoted equity shares, at cost	433	–
Share of loss	(156)	–
	277	–

The Group has the following associate as at 31 December:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2015	Proportion (%) of ownership interest 2014
Held through Singapore Construction & Development Pte. Ltd.				
Fanss MORE Group Limited [i]	Hong Kong	Property realtor	19	–

i Auditor has yet to be appointed

The Board has reviewed the investment and concluded that, notwithstanding that the Group is holding less than 20% in the total equity of Fanss MORE Group Limited, the Group's right to appoint a representative to the board of directors of Fanss MORE Group Limited and that the presence of the Group's representative is mandatory to form a quorum for any directors' meeting, demonstrates that the Group is able to exercise significant influence over Fanss MORE Group Limited. Accordingly, the Group designates Fanss MORE Group Limited as an associate of the Group.

The information about the Group's investment in associate is as follows:

	2015 $'000	2014 $'000
Loss from continuing operations representing total comprehensive income	821	–

17. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade and other receivables				
Trade receivables	–	278	–	–
Other receivables	6,109	20	12	3
Refundable deposits	191	–	134	–
Amounts due from subsidiaries (non-trade)	–	–	23,664	22,362
	6,300	298	23,810	22,365
Add: Cash and short-term deposits (Note 20)	10,875	21,528	3,115	15,488
Total loans and receivables	17,175	21,826	26,925	37,853

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition and are denominated in SGD.

Other receivables

Included in other receivables is an amount of $5,933,000 (2014: Nil) held by a private equity fund lender in relation to a fixed rate loan extended to a subsidiary (Note 25). The amount is denominated in USD and is non-interest bearing.

Refundable deposits

Refundable deposits mainly comprise an interest bearing cash amount of $78,000 (2014: Nil) held by a security house as collateral for margin securities trading as well as a deposit placed related for office rental amounting to $113,000 (2014: Nil).

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, repayable on demand and are to be settled in cash. Included in the amounts due from subsidiaries is an amount of $20,454,000 (2014: Nil) which bears interest at 18% per annum (2014: Nil) and is denominated in USD.

Notes to the Financial Statements

For the financial year ended 31 December 2015

17. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's receivables that are impaired at the end of the reporting period and the movement of allowance accounts used to record the impairment are as follow:

	Group	
	2015	**2014**
	$'000	$'000
Trade and other receivables – nominal amount	22,592	15,517
Less: Allowance for impairment	(16,483)	(15,517)
	6,109	–
Movement in allowance accounts:		
At 1 January	15,517	–
Charge for the year	963	15,517
Exchange differences	3	–
At 31 December	16,483	15,517

At the end of the reporting period, the Group has provided an amount of $16,384,000 (2014: $15,517,000) in relation to receivables pertaining to discontinued operation. The amount is recognised in the "Loss from discontinued operation, net of tax" line item in the consolidated statement of comprehensive income for the year ended 31 December 2015.

Impairment in amounts due from subsidiaries

The Company provided for an allowance of $2,337,000 (2014: $2,217,000) for impairment of an amount due from a subsidiary with a nominal amount of $2,337,000 (2014: $2,217,000) as the subsidiary ceased business operation in the previous financial year.

Receivables subject to offsetting arrangement

During the previous financial year, the Group provided construction services to and purchased materials from an external party. Following the termination of the agreement with the external party, both parties have an arrangement to settle the net amount due to or from each other. As at the end of the current reporting period, the net amount has been fully impaired.

The Group's trade receivables and trade payables that are off-set as at 31 December 2014 are as follow:

	31 December 2014 $'000		
Description	**Gross carrying amount**	**Gross amounts offset in the balance sheet**	**Net amount**
Trade receivables	1,409	(1,131)	278
Trade payables	1,131	(1,131)	–

There are no receivables subjected to offsetting arrangement as at 31 December 2015.

18. Properties under development

	Group	
	2015	2014
	$'000	$'000
Freehold land	38,159	13,565
Development costs	14,406	3,713
	52,565	17,278

As at 31 December 2015 and 2014, the carrying amount of properties under development held under charge for loan and borrowings (Note 25) are as follows:

	Group	
	2015	2014
	$'000	$'000
Freehold land	38,159	1,442

During the current financial year, borrowing costs of $3,066,000 (2014: $2,365,000), arising from borrowings obtained specifically for the properties under development were capitalised under "Development costs". Included in the borrowing costs capitalised is an amount of $918,000 (2014: $490,000) which relates to the amortisation of discount of straight bond component of the exchangeable notes (Note 24).

19. Properties held for sale

	Group	
	2015	2014
	$'000	$'000
Balance sheet:		
At cost	1,819	–
Consolidated statement of comprehensive income:		
Recognised as an expense in cost of sales	3,150	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

20. Cash and short-term deposits

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash and cash equivalents	7,123	21,184	3,115	15,488
Bank deposits pledged	3,752	344	–	–
Cash and short-term deposits	10,875	21,528	3,115	15,488

Included in bank deposits pledged is an amount of $21,000 (2014: $290,000) which relates to cash held in escrow accounts for the purpose of purchasing properties. The remaining amount relates to deposits pledged as a security for bank facilities (Note 25).

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates for the Group and the Company were 0.44% (2014: 0.35%) and 0.42% (2014: 0.35%) respectively.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
United States Dollar	2,764	–	2,738	–

21. Investment securities

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Held for trading investments – Quoted equity securities	21	–	21	–

22. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	1,344	655	3	4
Other payables	1,155	907	1,152	791
Amounts due to a director (non-trade)	28	22	–	–
Amounts due to subsidiaries (non-trade)	–	–	–	486
Accrued payroll expenses	367	479	73	328
Accrued interest expenses	798	772	26	–
Withholding tax payable	1,472	356	337	–
Accrued professional fees	1,039	69	216	69
Deposit received	8,349	–	–	–
Others accruals	203	257	–	159
	14,755	3,517	1,807	1,837
Add: Loans and borrowings (Note 25)	31,973	4,878	2,830	1,500
Less: Deposit received	(8,349)	–	–	–
Total financial liabilities carried at amortised costs	38,379	8,395	4,637	3,337

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 to 90 days' terms.

Other payables

Other payables are normally settled on 30 to 60 days' terms. Included in other payables is an amount of $1,152,000 (2014: Nil) pertaining to corporate indemnity liabilities that have been called and is expected to be settled within the next twelve months.

Withholding tax payable

Withholding tax is payable to the tax authorities in the United States of America ("USA") on USA sourced intercompany interest income from a US incorporated subsidiary, SeD USA LLC. The withholding tax is payable upon remittance of the interest income to Singapore.

Deposit received

Deposit received pertain to down payments received from customers, and will be offset against sales proceeds.

Notes to the Financial Statements

For the financial year ended 31 December 2015

22. Trade and other payables (cont'd)

Related party balances

Amounts due to a director and amount due to subsidiaries are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Trade and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
United States Dollar	26	–	–	–

23. Provision for claims

	Group and Company	
	2015	**2014**
	$'000	$'000
At 1 January	3,461	–
Utilised	(3,640)	–
Arose during the year	991	3,461
At 31 December	812	3,461

Prior to the disposal of CIPL, the Company provided corporate indemnities on performance bonds for the benefits of CIPL in conjunction with construction projects undertaken by CIPL. Corporate indemnities remained outstanding as at 31 December 2015 amounted to $812,000 (2014: $6,922,000) and management has made a provision for these corporate indemnities based on 100% (2014: 50%) of the total outstanding corporate indemnities which amounted to $812,000 (Note 3.2(b)). The corporate indemnities expire within 3 years and provisions are expected to be claimed within the next 3 years.

24. Derivatives

	Group and Company					
	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
		2015			2014	
	$'000	$'000		$'000	$'000	
Exchangeable rights	5,000	–	1,036	5,000	–	5,869
Total derivatives		–	1,036		–	5,869
Total financial liabilities at fair value through profit or loss		–	1,036		–	5,869

On 21 February 2014, a subsidiary of the Group, Singapore Construction & Development Pte. Ltd. ("SCD") issued exchangeable notes amounting to $5 million which are denominated in denomination of $250,000 each. These exchangeable notes carry an interest rate of 18% per annum which is payable to the note holders at each anniversary date.

Unless exchanged into the Company's ordinary shares or converted into SCD's ordinary shares at the holder's option at the rate of $0.06 per share, subject to anti-dilution and adjustment provisions, the holder of each exchangeable note has the right to require SCD to redeem the exchangeable note on 21 February 2017 at 106% of the principal amount. The exchangeable notes are callable at the option of SCD at the first or second anniversary of the issue date, at 102% and 104% of the principal amount respectively.

The exchangeable notes comprise a straight bond component and a derivative liability component. The fair value of the derivative liability component is calculated using the binomial model incorporating market observable parameters at the date of issue and as at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25. Loans and borrowings

		Group		Company	
	Maturity	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Current:					
Floating rate USD loan	2016 - 2018	2,081	–	–	–
Fixed rate USD loan	2016	8,490	–	–	–
Interest free USD loan	2016	14,417			
Floating rate AUD loan	2016	655	–	–	–
Non-transferable profit-participation bond	2016	2,830	–	2,830	–
Loan from a former director	On demand	–	1,500	–	1,500
Loan from a former director of a subsidiary	2015	–	109	–	–
		28,473	1,609	2,830	1,500
Non-current:					
Straight bond component of exchangeable notes (Note 24)	2017	3,500	2,582	–	–
Floating rate AUD loan	2016	–	687	–	–
		3,500	3,269	–	–
Total loans and borrowings		31,973	4,878	2,830	1,500

Floating rate USD loan

During the current financial year end, the Group has obtained a USD 8 million (equivalent of $11.3 million) construction loan facility which was secured by a lien over a freehold land and a cash deposit of USD 2.6 million (equivalent of $3.7 million) and is repayable in full before 22 November 2018. The interest rate is based on one month LIBOR + 380 basis points adjusted monthly during the loan term until maturity, with a floor interest rate of 4.5% per annum. As at 31 December 2015, USD 1.5 million (equivalent of $2.1 million) had been drawn down and remained outstanding. The Group is required to make principal repayments equal to 85% of the property sales. As the Group is expected to generate revenue from the property sale in the next financial year, they are required to make repayment on the same date and accordingly, the balance has been classified under current liabilities.

Fixed rate USD loan

In October 2015, the Group drew down a short-term construction loan of USD 6.0 million (equivalent of $8.5 million) from a private equity fund. The loan was secured by a lien over a freehold land classified in properties under development (Note 18). The loan amount is held by the lender upon draw down. The lender will subsequently disburse the funds either directly to the Group or Contractor for the purpose of paying the cost and expense in relation to the properties under development. Accordingly, only the subsequent disbursement after October 2015 by the lender is reported as "Proceeds from loans and borrowings" in the cash flow statement.

25. Loans and borrowings (cont'd)

Fixed rate USD loan (cont'd)

The loan is repayable in full before 1 October 2016. All proceeds received by the Group relating to the sales of the subdivided land shall be paid to the lender and applied against any outstanding sums under the loan. The Group shall be entitled to extend this loan for six calendar months up to 1 April 2017 upon written notice to the lender. The interest rate is fixed at 13% per annum.

Interest free USD loan

During the current financial year, a USD 15.0 million (equivalent of $21.2 million) loan facility was provided by Hengfai Business Development Pte. Ltd., a substantial shareholder of the Company and a wholly-owned company of Mr Chan Heng Fai, CEO, executive director and a controlling shareholder of the Company. At the end of the reporting period, USD 10.5 million (equivalent of $14.86 million) was drawn down to finance a land purchase. The loan facility is interest-free and the outstanding loan of USD 10.5 million (equivalent of $14.86 million) is repayable in full before 31 March 2016. The day one difference between the notional amount of the interest-free loan received and the fair value of the loan, which amounted to $500,000, net of tax, is recorded in equity under capital reserve (Note 26).

Non-transferable profit-participation bond

The Company issued a 8% USD 2 million (equivalent of $2.83 million) profit participating private bond maturing in 2017 to an external party (the "Bondholder"). The bond confers a right for the Bondholder to receive in aggregate 30% of the net profit after tax received from the Group's property development projects in the USA, attributable directly to the proportion of the Bondholder's funds invested in these property development projects. The bond is redeemable at the Bondholder's option, after the 1st anniversary, on 20 May 2016, with 6 month's written notice.

Subsequent to the end of the reporting period, the Company entered into a supplemental agreement with the Bondholder. Pursuant to the supplemental agreement, the Company may at its sole discretion, redeem the bond in whole or in part by giving not less than 3 days' written notice. Accordingly, the Company has made a USD 1 million (equivalent of $1.4 million) redemption from the principal amount of the bond on 21 March 2016. This has reduced the outstanding amount owed under the bond to USD 1 million (equivalent of $1.4 million).

Loan from a former director

This loan is taken from a former director. The loan is interest free and repayable on demand. During the financial year, the Company had been successful in obtaining a summary judgement in its counterclaim against the former director arising from a joint personal guarantee given by the former director in relation to a $4.1 million indemnity that was called and indemnified by the Company in relation to the outstanding corporate guarantees issued by the Company for the benefit of CCM Industrial Pte Ltd ("CIPL"). The Company was given the judgement for a sum of $593,250 (being the Company's claim for recovery of $2,093,000 less loan amount owed to the former director of $1,500,000). Accordingly, at the end of the reporting period, the Company de-recognised the loan from the former director, and recognised a receivable of $593,000, which was subsequently fully impaired due to the uncertainty in recovery.

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For the financial year ended 31 December 2015

25. Loans and borrowings (cont'd)

Loan from a former director of a subsidiary

The loan is repayable on demand, unsecured and is non-interest bearing.

Floating rate AUD loan

The loan is secured by a charge over freehold land under development (Note 18) as well as a deposit pledged (Note 20). This loan is denominated in AUD and is guaranteed by two of the directors of SeD Perth Pty Ltd. The interest rate is based on the weighted average interest rates applicable to each of the Business Markets Facility Components which ranges from 5.53% to 6.15% (2014: 5.69% to 6.64%) per annum.

26. Share capital and other reserves

Share capital

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January	285,296	67,359	171,222	15,809
Issuance of ordinary shares in relation to private placement	15,000	1,215	–	–
Issued pursuant to exercise of Bonus Piggyback Warrants	–	–	1,060,650	11,045
Issued pursuant to rights issue and bonus share issue	–	–	27,297,717	40,947
Share issuance expenses	–	(53)	–	(442)
Share consolidation impact	–	–	(28,244,293)	–
At 31 December	300,296	68,521	285,296	67,359

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has an employee share option plan under which options to subscribe for the Company's ordinary shares have been granted to certain directors.

26. Share capital and other reserves (cont'd)

Other reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 10). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(c) Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of the acquired entities under common control.

(d) Capital reserve

This represents the day one difference on the interest-free loans given by a shareholder amounting to $881,000, offset by deferred tax impact of $381,000 (2014: Nil) which was charged against capital reserve. Accordingly, the net deemed capital contribution arising from this interest free loan amounted to $500,000 (2014: Nil).

27. Related party transactions

During the current financial year, in addition to the related party information disclosed elsewhere in the financial statements, the Group had the following transactions with related parties, on terms agreed between the respective parties:

(a) ***Personal guarantees by directors***

As at 31 December 2015, certain directors of the Group have provided personal guarantees amounting to approximately $655,000 (2014: $687,000) to secure external loans and borrowings from financial institutions for the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2015

27. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2015	**2014**
	$'000	$'000
Short-term employee benefits	1,246	875
Central Provident Fund contributions	41	33
Share-based payment (Employee share option plan)	90	237
	1,377	1,145
Comprises amounts paid to:		
Directors of the Company	755	838
Other key management personnel	622	307
	1,377	1,145

In the previous financial year, included in the compensation of key management personnel for the prior financial year, was an amount of $85,000 related to discontinued operation.

Directors' interests in employee share option plan

No share option had been granted to any directors during the financial year. During the prior financial year, 796,000 share options were granted to a director of the Company under the Scheme at an exercise price of $0.11.

At the end of the reporting period, the total number of outstanding share options granted by the Company to the directors amount to 3,714,667 (2014: 3,714,667).

(c) *Amount due to director (non-trade)*

As at 31 December 2015, a director of the Company has provided an advance to the Group amounting to $28,000 (2014: $22,000) for general operating activities.

(d) *Management fees related to properties under development*

Inter-American Development LLC, ("IAD") has provided management services for managing the properties under development in United State of America for the current financial year. The management fee has been capitalised in properties under development. IAD was a company related to a director of the Company until the director had disposed his interest in IAD during the year. The Group had also terminated the relevant management service agreements with IAD during the year. The management services provided amounted to $473,000 (2014: $832,000).

27. Related party transactions (cont'd)

(e) ***Purchase of goods and services***

As at 31 December 2015, $315,000 (2014: $84,000) have been paid to SLP-More Ltd for marketing activities in relation to a property under development and sales of certain residential properties. SLP-More Ltd is a company related to a director of the Company. The director disposed his interest in SLP-More Ltd during the year. $14,310 (2014: Nil) remained outstanding with SLP-More Ltd at the end of the reporting period.

(f) ***Purchase of two subsidiaries from a director***

During the current financial year, the Company entered into two agreements with one of the directors, Mr Chan Heng Fai, to acquire the entire issued and paid up share capital of two subsidiaries (Note 15).

(g) ***Interest related to exchangeable notes***

Two of the directors hold the exchangeable notes issued by the Group (Note 21), and the interest on these notes amounted to $720,000 (2014: 616,800) for the current financial year.

28. Commitments

Operating lease commitments – as lessee

The Group has entered into commercial leases relating to the rental of office premises. These leases have tenure of between one and three years with a renewal option. The Group is restricted from subleasing the office premises to third parties without prior written consent of the landlord. Future minimum lease payments under the operating lease at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Not later than one year	440	194
Later than one year but not later than five years	593	94
	1,033	288

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to $387,000 (2014: $170,000).

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29. Financial risk management policies and objectives

The Group and Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the year under review, the Group's and Company's policy that no trading in derivative financial instruments for speculative purposes shall be undertaken. The Group and Company does not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and Company minimises credit risk by dealing with high credit rating counterparties.

The Group's and Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and Company trades only with recognised and creditworthy third parties. It is the Group's and Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's and Company's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines it's concentrations of credit risk by monitoring the country of it's other receivables on an ongoing basis. As at the end of the reporting period, approximately 97% (2014: Nil) of the Group's other receivables relates to amounts held by a private equity fund lender based in the United States of America (Note 17).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group and Company. Cash and short-term deposits are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 17.

29. Financial risk management policies and objectives (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit facilities, floating rate loans as well as funding through the issuance of exchangeable notes.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and loans and borrowings from various banks. In addition, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows, as laid out in Note 2. At the end of the reporting period, approximately 89% (2014: 33%) of the Group's loans and borrowings (Note 25) will mature in less than one year based on the carrying amounts reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturity

The following tables summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less	**One to five years**	**Total**
	$'000	$'000	$'000
Group			
2015			
Financial assets			
Trade and other receivables	6,300	–	6,300
Cash and short-term deposits	10,875	–	10,875
Total undiscounted financial assets	17,175	–	17,175
Financial liabilities			
Trade and other payables	(6,406)	–	(6,406)
Loans and borrowings	(30,386)	(6,377)	(36,763)
Total undiscounted financial liabilities	(36,792)	(6,377)	(43,169)
Total net undiscounted financial liabilities	(19,617)	(6,377)	(25,994)

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management policies and objectives (cont'd)

(b) *Liquidity risk (cont'd)*

	One year or less $'000	One to five years $'000	Total $'000
Group			
2014			
Financial assets			
Trade and other receivables	298	–	298
Cash and short-term deposits	21,528	–	21,528
Total undiscounted financial assets	21,826	–	21,826
Financial liabilities			
Trade and other payables	(3,517)	–	(3,517)
Loans and borrowings	(2,509)	(7,100)	(9,609)
Total undiscounted financial liabilities	(6,026)	(7,100)	(13,126)
Total net undiscounted financial assets/(liabilities)	15,800	(7,100)	8,700
Company			
2015			
Financial assets			
Trade and other receivables	23,810	–	23,810
Cash and short-term deposits	3,115	–	3,115
Total undiscounted financial assets	26,925	–	26,925
Financial liabilities			
Trade and other payables	(1,807)	–	(1,807)
Loans and borrowings	(2,903)	–	(2,903)
Total undiscounted financial liabilities	(4,710)	–	(4,710)
Total net undiscounted financial assets	22,215	–	22,215

29. Financial risk management policies and objectives (cont'd)

(b) ***Liquidity risk (cont'd)***

	One year or less $'000	One to five years $'000	Total $'000
Company			
2014			
Financial assets			
Trade and other receivables	22,365	–	22,365
Cash and short-term deposits	15,488	–	15,488
Total undiscounted financial assets	37,853	–	37,853
Financial liabilities			
Trade and other payables	(1,837)	–	(1,837)
Loans and borrowings	(1,500)	–	(1,500)
Total undiscounted financial liabilities	(3,337)	–	(3,337)
Total net undiscounted financial assets	34,516	–	34,516

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts (Note 3.2(b)) are allocated to the earliest period in which the guarantee could be called.

	One year or less $'000
Group and Company	
2015	
Financial guarantees	812
2014	
Financial guarantees	6,922

29. Financial risk management policies and objectives (cont'd)

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their floating rate loans and borrowings. The Group's and Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's interest cost would have been $8,700 lower/higher (2014: $7,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The interest cost have been capitalised under properties under development, and the Group's carrying value of property under development would have been $8,700 lower/higher (2014: $7,000 lower/higher). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility compared to prior years.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Renminbi (RMB), Hong Kong Dollar (HKD), Australian Dollar (AUD) and United States Dollar (USD). The foreign currencies in which these transactions are denominated are mainly USD. Approximately 38% (2014: 6%) of the Group's activities are denominated in foreign currencies. The Group and the Company also hold cash and short term deposits denominated in foreign currencies for working capital purpose (Note 20). At the end of the reporting period, such foreign currency balances are mainly USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in USD exchange rates against SGD, the functional currency of the Group entities in Singapore, with all other variable held constant.

		Group	
		2015	**2014**
		$'000	$'000
		Loss before tax (Decrease)/increase	
USD/SGD	– strengthened 5% (2014: 5%)	137	–
	– weakened 5% (2014: 5%)	(137)	–

29. Financial risk management policies and objectives (cont'd)

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in its market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its embedded derivatives from exchangeable notes (Note 24). The Company's shares are quoted on the SGX-ST. The fair value of the derivative liability is derived using a binomial model which takes into consideration the share price of the Company as at 31 December 2015. Any subsequent changes to the fair value of the derivative liability are recognised in profit or loss.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the Company's share price had been 1% (2014: 1%) higher/lower with all other variables held constant, the Group's loss before tax would have been $25,000 (2014: $79,000) higher/lower, arising as a result of higher/lower fair value loss on derivative liability.

30. Fair value of financial instruments

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the Financial Statements

For the financial year ended 31 December 2015

30. Fair value of financial instruments (cont'd)

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period.

	Note	Fair value measurements at the end of the reporting period using		
		Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Total
		$'000	$'000	$'000
Group and Company				
2015				
Assets measured at fair value				
Financial assets				
Held for trading financial assets				
- Investment securities (quoted)		21	–	21
Liabilities measured at fair value				
Financial liabilities				
Derivatives	24	–	1,036	1,036
2014				
Liabilities measured at fair value				
Financial liabilities				
Derivatives	24	–	5,869	5,869

(c) ***Level 2 fair value measurements***

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Exchangeable rights are valued using binomial model with market observable inputs. The model incorporates various inputs including the historical volatility of share price, risk free rate and dividend yield.

30. Fair value of financial instruments (cont'd)

(d) ***Financial instruments not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's financial instruments not measured at fair value but for which fair value is disclosed:

		Fair value measurements at the end of the reporting period using	
		Significant observable inputs (Level 3)	Carrying amount
	Note	$'000	$'000
Group			
2015			
Liabilities			
Financial liabilities			
Loans and borrowings			
- Straight bond component of exchangeable notes (non-current)	24	3,424	3,500
2014			
Liabilities			
Financial liabilities			
- Straight bond component of exchangeable notes (non-current)	24	2,532	2,582

Determination of fair value – Straight bond component of exchangeable notes

The fair value disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending borrowing arrangements at the end of the reporting period.

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Trade and other receivables (Note 17), bank deposits pledged (Note 20), cash and cash equivalents (Note 20), trade and other payable (Note 22) and current loans and borrowings (Note 25).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, loans and borrowings, less cash and short-term deposits. Capital includes equity attributable to owners of the Group.

		Group	
	Note	2015	2014
		$'000	$'000
Trade and other payables	22	14,755	3,517
Loans and borrowings	25	31,973	4,878
Total debt		46,728	8,395
Less: Cash and short-term deposits	20	(10,875)	(21,528)
Net debt/(cash)		35,853	(13,133)
Total capital		20,418	21,800
Capital and net debt		56,271	8,667
Gearing ratio		64%	NA*

* The Group is in a net cash position as at the end of the reporting period.

32. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) International property development, which includes actively acting as a developer for property projects and investing in property development projects;

(b) Info-Tech related businesses which are involved in IT hardware and software research and development, and other businesses providing IT-related services to end-users, service providers and other commercial users via multiple platforms including (but not limited to) mobile internet and cloud computing technology;

32. Segment reporting (cont'd)

(c) Capital Market Services, which includes trading of quoted securities, commodities and other derivatives and financial products; investing in quoted and unquoted securities on various aspects of investments ranging from pre-initial public offer investment, various forms of capital in companies and funds with potential of business growth and trade sale; undertaking business in incubation and angel investment; and provision of corporate strategy and business development advisory services; and

(d) Construction, which included main building works, general building works and leasing and installation of access equipment which were disclosed as three segments in prior year. In the prior year, the operations of these three segments had been aggregated into one segment and the operation for this aggregated segment was subsequently discontinued.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Management reviews the results of the segment using segment gross profit/loss. Segment assets, liabilities and other expenses are not disclosed as they are not regularly provided to management.

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Non-current assets		
Singapore	46	52
People's Republic of China*	530	174
United States of America	59	–
	635	226

* Hong Kong is included in the People's Republic of China

Non-current assets information presented above consist of property, plant and equipment, investment in associate and intangible asset as presented in the consolidated balance sheets.

Revenue for the financial year ended 31 December 2015 is entirely generated from the United States of America (2014: Singapore).

Information about major customers

In the previous financial year, revenue from one major customer amounted to $2,145,000, being 14% of total revenue, arising from sales by the construction segment which is classified as discontinued operation. There is no major customer contributing revenue which is greater than 10% of total revenue in the current financial year.

32. Segment reporting (cont'd)

	Operating segments								Non–operating segment					
	Construction (Discontinued operation)		International Property Development		Capital Market Services		Info-Tech related businesses		Corporate and others		Adjustments and eliminations (Note A)		Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	–	15,518	4,337	–	–	–	–	–	–	–	–	(15,518)	4,337	–
Segment results														
Gross gain/(loss)	–	(1,765)	746	–	–	–	–	(41)	–	–	–	1,765	746	(41)
Net profit/(loss) before tax	186	(13,088)	(721)	(3,204)	(420)	–	(4,134)	(1,186)	1,322	(3,265)	(186)	13,088	(3,953)	(7,655)

Note A
Amounts relating to the construction segment have been excluded to arrive at amounts shown in profit or loss as they are presented separately in the statement of comprehensive income within one line item, "loss from discontinued operation, net of tax". Inter segment expense have been eliminated.

Corporate and others segment is a non-operating segment involved in Group-level corporate services and other activities.

33. Loss per share

(a) *Continuing operations*

Basic loss per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December 2015 and 2014:

	Group	
	2015	**2014**
	$'000	$'000
Loss for the year attributable to owners of the Company	(3,294)	(20,730)
Add back: (Profit)/loss from discontinued operation, net of tax, attributable to owners of the Company	(186)	13,088
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic/diluted loss per share from continuing operations	(3,480)	(7,642)
Weighted average number of ordinary shares for basic/diluted earnings per share computation ('000) *	292,036	92,288
Basic and diluted loss per share (cents per share)	(1.2)	(8.3)

There is no dilutive effect from the Scheme, outstanding bonus warrants and piggyback warrants and exchangeable notes as they are antidilutive. Accordingly, the diluted loss per share was equivalent to basic loss per share.

(b) *Loss per share computation*

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share computation. These loss and share data are presented in the tables in Note 33(a) above.

Notes to the Financial Statements

For the financial year ended 31 December 2015

34. Contingent liabilities

Guarantees

The Company has provided the following corporate guarantees to CIPL as at 31 December 2015 and 2014:

– Performance bond and financial bond for various projects of Nil (2014: $3,461,000) (Note 3.2(b)).

35. Events occurring after the reporting period

In addition to the events occurring after the reporting period disclosed elsewhere in the financial statements, the following events had taken place after the end of the reporting period:

Proposed private placement of shares and proposed redemption of exchangeable notes

On 29 January 2016, the Company announced that it proposed a placement of 117,000,000 new shares of the Company to Hengfai Business Development Pte Ltd ("HBD"), a substantial shareholder and a wholly-owned subsidiary of Mr Chan Heng Fai, who is a Director and controlling shareholder of the Company, at the issue price of $0.06 for each share, for the aggregate consideration of $7,020,000 (the "Private Placement"). The Private Placement is subject to approval of independent shareholders and the white wash waiver from the Securities Industry Council, which has been obtained.

On the same day, the Company also proposed an early redemption of the Exchangeable Notes (together with accrued interest and applicable redemption premium) ("Proposed Redemption"). The Proposed Redemption is to be funded by net proceeds raised from the Private Placement.

Pursuant to the terms and conditions of the Exchangeable Notes, the Proposed Redemption will constitute a modification by the Company of the terms and conditions of the Exchangeable Notes, which will require (i) the written approval of holders of 51% or more of the aggregate principal amount of Exchangeable Notes outstanding; and (ii) the approval of the shareholders of the Company.

Subsequent to the end of the reporting period, the Company had secured the written approval of holders of 51% or more of the Exchangeable Notes currently outstanding and the Company will be seeking approval of the shareholders in relation to the Private Placement and Proposed Redemption at a general meeting to be convened.

36. Comparative figures

The following comparative figures on the consolidated statement of comprehensive income for the financial year ended 31 December 2014 have been reclassified principally due to withholding tax expenses which amounted to $356,000 was reclassified from administrative expenses to other expenses as the function of the withholding tax expenses is not administrative in nature. After evaluating the various functions of expenses in the consolidated statement of comprehensive income, management is of the view that the withholding tax expenses do not relate to any of the existing functions and accordingly, has reflected the withholding tax expense under "Other expenses".

The effect of the reclassification made for the year ended 31 December 2014 is as follows.

	2014		
	As previously reported	**Re-classifications**	**As restated**
	$'000	$'000	$'000
Consolidated statement of comprehensive income			
Administrative expenses	(4,231)	356	(3,875)
Other expenses	(3,429)	(356)	(3,785)

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 4 April 2016.

Properties of The Group

As at 31 December 2015

Under Development

Residential

Country	Location	Land Size	Tenure	No. of Units	Total Unit Size	Equity Interest	Expected year of Completion
Australia	Mandurah, WA	1,003 m^2	Freehold	14	2,024 m^2	100.0%	2017
USA	Washington, DC	162 m^2	Freehold	1	187 m^2	100.0%	2016

Subdivision

Country	Location	Land Size	Tenure	No. of Lots	Total Unit Size	Equity Interest	Expected year of Completion
USA	Houston, TX	550,372 m^2	Freehold	365	N/A	69.0%	2020
USA	Frederick, MD	797,231 m^2	Freehold	853	N/A	83.6%	2020

Properties Held for Sales

Country	Location	Land Size	Tenure	No. of Lots	Total Unit Size	Equity Interest	Expected year of Completion
USA	Houston, TX	4,896 m^2	Freehold	10	1,494 m^2	100.0%	Completed

Statistics of Shareholdings

As at 23 March 2016

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	67	4.21	2,571	0.00
100 – 1,000	315	19.79	181,998	0.06
1,001 – 10,000	462	29.01	2,316,072	0.77
10,001 – 1,000,000	713	44.79	76,610,670	25.51
1,000,001 AND ABOVE	35	2.20	221,184,539	73.66
TOTAL	**1,592**	**100.00**	**300,295,850**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	PHILLIP SECURITIES PTE LTD	107,608,050	35.83
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	19,375,880	6.45
3.	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,674,449	4.89
4.	TOH SOON HUAT	8,750,000	2.91
5.	TAN FUH GIH	8,668,000	2.89
6.	RAFFLES NOMINEES (PTE) LIMITED	5,971,590	1.99
7.	LOH YIH	4,950,000	1.65
8.	HONG LEONG FINANCE NOMINEES PTE LTD	4,530,000	1.51
9.	MRS CHAU-CHAN SUI YUNG	3,420,000	1.14
10.	LIM NGERN BOEY	3,020,000	1.01
11.	DBS NOMINEES (PRIVATE) LIMITED	2,216,940	0.74
12.	TAN JUI YAK	2,169,590	0.72
13.	UOB KAY HIAN PRIVATE LIMITED	2,161,190	0.72
14.	TEGUH ANDY	2,088,900	0.70
15.	TEY HANG LIANG	2,065,300	0.69
16.	TAN CHIN WAH	2,000,000	0.67
17.	WONG HAN MENG	1,912,000	0.64
18.	SIM YONG NAM	1,860,000	0.62
19.	TAN BENG SEN	1,851,000	0.62
20.	HU QINGCHUN	1,785,000	0.59
	TOTAL	**201,077,889**	**66.98**

Note: Each ordinary share carry one vote at general meetings of the Company

Statistics of Shareholdings

As at 23 March 2016

PERCENTAGE OF SHAREHOLDING HELD IN THE NAME OF PUBLIC

As at 23 March 2016, approximately 59.95% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Hengfai Business Development Pte Ltd	38,250,000	12.74%	–	–
Chan Heng Fai[1]	46,750,000	15.57%	38,250,000	12.74%
Toh Soon Huat	8,750,000	3.07%	24,752,200[2]	8.68%

Note:

(1) Hengfai Businesss Development Pte Ltd is wholly-owned by Mr Chan Heng Fai. By virtue of Section 7 of the Companies Act, Cap 50 of Singapore, Mr Chan Heng Fai is deemed to be interested in the shares which Heng Fai Business Development Pte Ltd has an interest in.

(2) Maybank Kim Eng Securities Pte. Ltd. holds 8,218,000 shares on behalf of Toh Soon Huat. Hong Leong FInance Nominees Pte. Ltd. holds 2,730,000 shares on behalf of Toh Soon Huat. Philip Securities Pte. Ltd. holds 13,804,200 shares on behalf of Toh Soon Huat.

	No of Exchangeable Notes
HENGFAI BUSINESS DEVELOPMENT PTE LTD	14
TEH WING KWAN	2
TOH SOON HUAT	2
SARINDERJIT KAUR	1
SONG YANN YUNN	1

Issuer	:	Singapore Construction & Development Pte Ltd
Face value per note	:	S$250,000
Exchange Price	:	S$0.06 per New Share
Period	:	Commencing 6 month from 21 February 2014 and expiring at 5.00 p.m. on a date falling 36 months after 21 February 2014, excluding such period(s) during which the register of Noteholders may be closed pursuant to the Deed Poll.

Statistics of Bonus Warrantholdings

As at 23 March 2016

DISTRIBUTION OF BONUS WARRANTHOLDINGS

SIZE OF BONUS WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	9	2.76	167	0.00
100 – 1,000	23	7.06	11,817	0.03
1,001 – 10,000	91	27.91	437,471	0.73
10,001 – 1,000,000	197	60.43	15,770,820	26.49
1,000,001 AND ABOVE	6	1.84	43,311,377	72.75
TOTAL	**326**	**100.00**	**59,531,652**	**100.00**

TWENTY LARGEST BONUS WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1.	PHILLIP SECURITIES PTE LTD	27,143,421	45.59
2.	FONG KWOK JEN	8,646,739	14.52
3.	OCBC SECURITIES PRIVATE LIMITED	3,789,599	6.37
4.	LIEW SEN KEONG	1,467,391	2.46
5.	YEOW CHENG GEOK	1,164,227	1.96
6.	TOH SOON HUAT	1,100,000	1.85
7.	TOK BOON SEONG	855,652	1.44
8.	LEE TECK LENG	815,217	1.37
9.	PONNAMPALAM SIVAKUMAR	815,217	1.37
10.	FOO SEK KUAN	785,006	1.32
11.	TEO POH HUA AGNES	522,319	0.88
12.	NG SEOW YUEN (HUANG XIAOYAN)	508,695	0.85
13.	LEE YI JUN BRENDA (LI YIJUN BRENDA)	407,608	0.68
14.	TEO CHOR KOK	388,586	0.65
15.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	388,042	0.65
16.	TOK KOK KEONG	364,130	0.61
17.	LIM YAN LING	338,043	0.57
18.	NEO KENG HUA	332,065	0.56
19.	HU QINGCHUN	326,086	0.55
20.	LAM YAN TACK	311,413	0.52
	TOTAL	**50,469,456**	**84.77**

Exercise Price : S$0.20# for each New Share on the exercise of a Warrant
Exercise Period : Commencing on 2 January 2014 and expiring at 5.00 p.m. on a date falling 36 months after 2 January 2014, excluding such period(s) during which the register of Warrantholders may be closed pursuant to the Deed Poll.
Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd
50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

The Warrant exercise price was adjusted from S$0.002 to S$0.20 per Share with effect from 28 November 2014.

Statistics of Piggyback Warrantholdings

As at 23 March 2016

DISTRIBUTION OF PIGGGYBACK WARRANTHOLDINGS

SIZE OF PIGGYBACK WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF PIGGYBACK WARRANTS	%
1 – 99	0	0.00	0	0.00
100 – 1,000	0	0.00	0	0.03
1,001 – 10,000	10	16.39	62,222	0.67
10,001 – 1,000,000	48	78.69	4,379,699	46.93
1,000,001 AND ABOVE	3	4.92	4,891,303	52.41
TOTAL	**61**	**100.00**	**9,333,224**	**100.00**

TWENTY LARGEST PIGGYBACK WARRANTHOLDERS

NO.	NAME	NO. OF PIGGYBACK WARRANTS	%
1.	PHILLIP SECURITIES PTE LTD	2,717,391	29.12
2.	TEO POH HUA AGNES	1,086,956	11.65
3.	MRS CHAU-CHAN SUI YUNG	1,086,956	11.65
4.	TOK BOON SEONG	489,130	5.24
5.	TAN CHIN WAH	489,130	5.24
6.	TEY HANG LIANG	354,891	3.80
7.	QUEK PO YONG	325,543	3.49
8.	WONG HAN MENG	271,739	2.91
9.	OCBC SECURITIES PRIVATE LTD	271,739	2.91
10.	PONNAMPALAM SIVAKUMAR	271,739	2.91
11.	TEGUH ANDY	176,630	1.89
12.	TAN COLIN	163,043	1.75
13.	RAFFLES NOMINEES (PTE) LTD	139,673	1.50
14.	YEW CHENG SOON	108,695	1.16
15.	QUEK KAI SIONG (GUO JIEXIANG)	108,695	1.16
16.	CHIN PIN HON	108,695	1.16
17.	CHENG BOH ANN @EDDIE ZHENG XINDA	86,956	0.93
18.	KONG KEAN CHOONG	81,521	0.87
19.	LOW CHENG HONG	59,782	0.64
20.	SOO SOU FUN	59,782	0.64
	TOTAL	**8,458,686**	**90.62**

Exercise Price : S$0.30# for each New Share on the exercise of a Warrant

Exercise Period : Commencing on 2 January 2014 and expiring at 5.00 p.m. on a date falling 36 months after 2 January 2014, excluding such period(s) during which the register of Warrantholders may be closed pursuant to the Deed Poll.

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd
50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

The Warrant exercise price was adjusted from S$0.003 to S$0.30 per Share with effect from 28 November 2014.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore eDevelopment Limited (the "Company") will be held at Pan Pacific Singapore, Ocean 6, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 29 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of up to S$230,000 and for payment of such Director's fees quarterly in arrears for the financial year ending 31 December 2016 (2015: S$223,500). **(Resolution 2)**

3. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 3)**

4. To re-elect Mr Chan Tung Moe as a Director retiring pursuant to Regulation 92 of the Company's Constitution:

   [See Explanatory Note (i)] **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Regulation 93 of the Company's Constitution:

   Mr Basil Chan **(Resolution 5)**
   Mr Chan Yu Meng **(Resolution 6)**

   *Mr Basil Chan will, upon re-election as a Director of the Company, remain as Non-Executive Chairman of the Group, Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**").*

   Mr Chan Yu Meng will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit & Risk Management Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company ("Shares") - Share Issue Mandate**

"That, pursuant to Section 161 of the Companies Act, Chapter 50. of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("***Shares***") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "***Instruments***") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:-

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub- paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:-

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

Notice of Annual General Meeting

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

8. **Authority to grant options and issue shares in accordance with Singapore eDevelopment Limited Share Option Scheme**

"THAT the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the share option scheme of the Company adopted on 20 November 2013 (the "**Singapore eDevelopment Limited Share Option Scheme**" or the "**Option Scheme**") and to issue such shares as may be required to be issued pursuant to the exercise of the options under the Option Scheme provided always that the aggregate number of shares to be issued pursuant to the Option Scheme and the Share Plan (as defined in Resolution 9) shall not exceed twenty per cent (20%) of the issued share capital of the Company from time to time.
[See Explanatory Note (iii)] **(Resolution 8)**

9. **Authority to grant options and issue shares under the Singapore eDevelopment Limited Performance Share Plan**

"THAT the Directors of the Company be and are hereby authorised to offer and grant share awards in accordance with the Singapore eDevelopment Performance Share Plan adopted on 23 October 2014 (the "**Share Plan**") and to issue such shares as may be required to be issued under the Share Plan provided always that the aggregate number of shares to be issued pursuant to the Share Plan and the Option Scheme shall not exceed twenty per cent (20%) of the issued share capital of the Company from time to time.
[See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 7 April 2016

Notice of Annual General Meeting

Explanatory Notes:

(i) To note the retirement of Mr Cui Peng and Mr Lum Kan Fai Vincent, both retiring pursuant to Regulation 92 of the Company's Constitution and have decided not to seek for re-election.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments. The aggregate number of Shares and convertible instruments which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible instruments other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 7 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options in accordance with the Option Scheme.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, to issue shares in accordance with the Share Plan.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. 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** not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

SINGAPORE EDEVELOPMENT LIMITED

(Company Registration Number: 200916763W)
(Incorporated in Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

*I/We, ____ (Name)

of ____ (Address)

being a member/members* of **SINGAPORE EDEVELOPMENT LIMITED** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing him / her, the Chairman of the AGM as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Pan Pacific Singapore, Ocean 6, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 29 April 2016 at 10.0 a.m. and at any adjournment thereof. The proxy is to vote on the business before AGM as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2	Approval of Directors' fees of up to S$230,000 and for payment of such Directors' fees quarterly in arrears for the financial year ending 31 December 2016		
3	Re-appointment of Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration		
4	Re-election of Mr Chan Tung Moe as Director of the Company		
5	Re-election of Mr Basil Chan as Director of the Company		
6	Re-election of Mr Chan Yu Meng as Director of the Company		
7	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
8	Authority to grant options under Singapore eDevelopment Limited Share Option Scheme		
9	Authority to issue shares under the Singapore eDevelopment Limited Performance Share Plan		

Dated this ____________ day of ________________ 2016

Total Number of Shares Held

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 Annual General Meeting ("**AGM**"). 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 AGM, 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 **48 hours** before the time set for the AGM.

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 AGM, 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 AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any AGM 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.

Corporate Information

DIRECTORS
Basil Chan
Chan Heng Fai
Chan Tung Moe
Lum Kan Fai Vincent
Cui Peng
Teh Wing Kwan
Chan Yu Meng
Tao Yeoh Chi

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COMPANY SECRETARY
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(LLB Hons)
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AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner In Charge: Low Bek Teng
(Since financial year ended
31 December 2011)

SHARE REGISTRAR
Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place 32-01
Singapore Land Tower
Singapore 048623

SPONSOR
Hong Leong Finance Limited
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