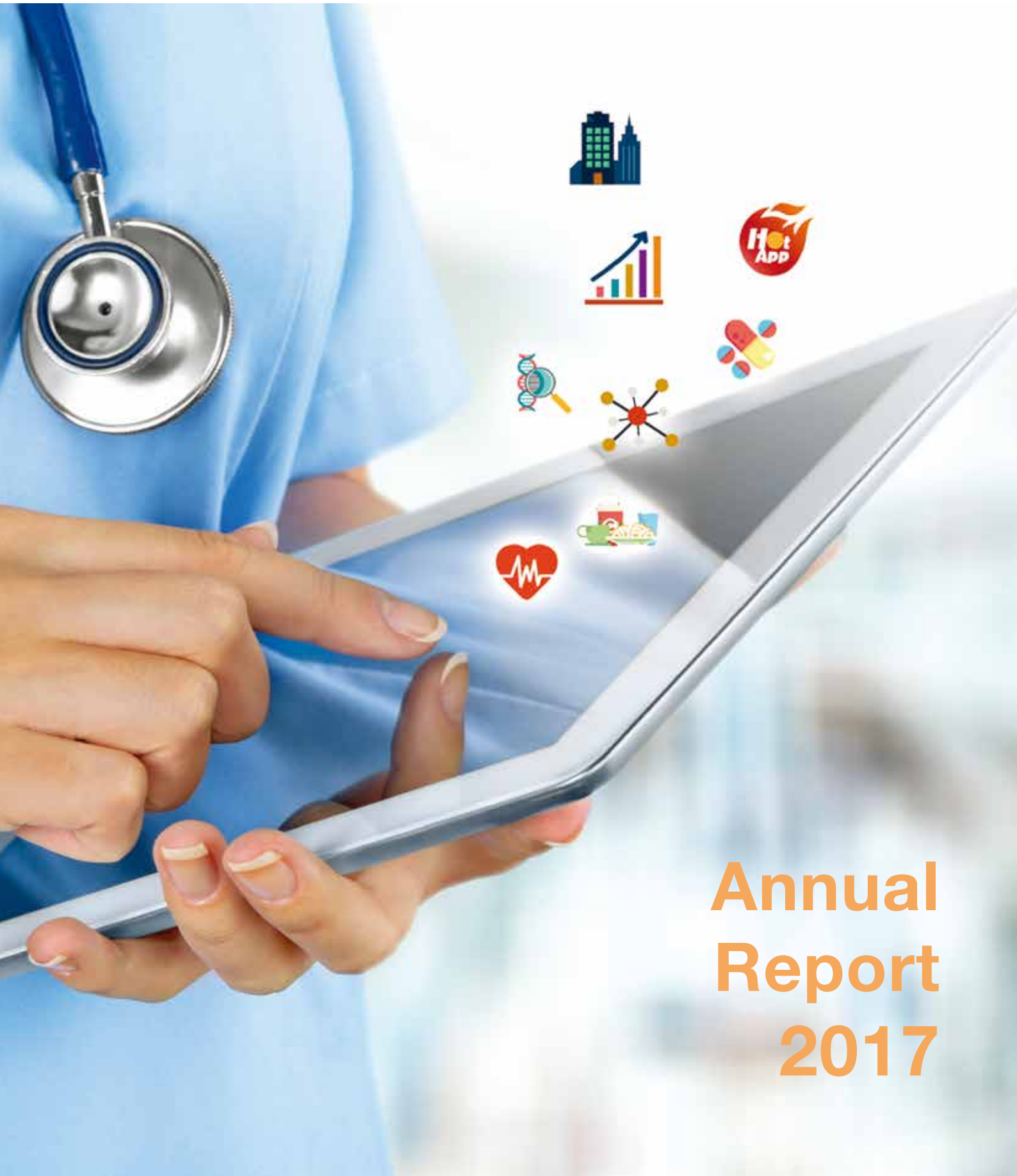




SINGAPORE *e*DEVELOPMENT



**Annual
Report
2017**

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

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” or the “Company” or the “Group”) has since diversified into international markets. The Group’s portfolio comprises (i) property development and related services; (ii) information technology related businesses; (iii) development, research, testing, manufacturing, licensing and distribution of biomedical products; and (iv) investment activities.

SeD will continue to pursue corporate recovery and focus on achieving scalability, sustainability and growth leveraging on the management’s expertise and experience with a view to enhancing shareholders’ value.



CEO Message

Dear Shareholders,

On behalf of the Board of Directors (the “Board”), I am pleased to present the annual report for Singapore eDevelopment Limited for the financial year ended 31 December 2017 (“FY2017”).



We had unveiled our new corporate identity of SeD in August 2014, thereby looking forward to a new future as we exited the loss-making construction business in Singapore. We embarked on two growth strategies that we hope will deliver shareholders’ value – property development, chiefly in the United States; and in information technology. Since then, we have expanded the activities of the property business and included two new business opportunities – investment activities and the bio-medical sectors. In contrast to the asset-heavy property development business, we are pursuing asset-light opportunities which leverage on the global network and capital restructuring capabilities of the senior management to accelerate corporate recovery.

Despite the uncertain economic outlook, we managed to reduce our losses as we began investing in new strategies. I am pleased to outline business and corporate updates.

International Property Development Business

Our international property development division’s main assets are two property development projects: one located north of Houston, Texas (referred to as our “Black Oak” project) and one located near Washington D.C. in Frederick, Maryland (referred to as our “Ballenger Run” project).

On 11 September 2017 we announced Houston was affected by “Hurricane Harvey”, a Category 4 hurricane in August 2017. Other than the delays experienced, we were fortunate that there was minimal impact on Black Oak due to the land parcel’s physical attributes, and adequate infrastructure.

Development work continues on critical infrastructure and the Group is focused on improving the cashflow of the project by sourcing financing, securing sales contracts, and seeking infrastructure reimbursements from the relevant improvement district. To this end, the Group has engaged a prominent national land broker to seek possible sales opportunities and we have already received several non-binding letters of intent to purchase lots. In addition, we continue to study and prepare for the possibility of building homes in this project.

In FY2017, 42 residential lots of the Ballenger Run project were sold generating S\$7.6 million in revenue. For the Ballenger Run project, we expect an increase in revenue for the financial year ending 31 December 2018 (“FY2018”). Firstly, in accordance with the lot purchase agreements signed with NVR Inc. we expect substantial lot sales throughout FY2018. Secondly, we expect to complete the sale of the Ballenger Run multi-family parcel in FY2018 as per the agreement signed with Orchard Development Corporation (“Orchard Development”). Lastly, we have also entered into a contract to sell the remaining portion of Ballenger Run, which is the continuing care retirement community parcel, to Orchard Development. If Orchard Development’s feasibility study is successful we expect them to deliver a non-refundable deposit in FY2018. However, we expect the closing of the contract to take place beyond FY2018.

We will continue to develop our two main property development projects, Black Oak and Ballenger Run whilst looking for other opportunities to improve the performance of the international property development division.

CEO Message

Information Technology Business

During the year 2017, the IT division, HotApp Blockchain Inc (“HotApp”) continued to execute the strategy with a tightened focus on business-to-business (“B2B”) solutions, namely enterprise communications and workflow. The strategic shift is intended to create commercial value with a sharper focus while remaining asset-light.

HotApp has successfully implemented several strategic platform developments for clients, including a mobile front-end solution for network marketing, a hotel eCommerce platform for Asia and a real estate agent management platform in China. These implementations allow HotApp to position strongly as a solution provider in the aforementioned business sectors.

The development team in HotApp has also enhanced their technological capability from mobile application development to include block chain architectural design, allowing mobile friendly front-end solutions to integrate with distributed block chain platforms. In the block chain arena, the company plans to engage in more activities in the area of supply chain, smart contracts and cryptocurrency exchange platforms in the coming years.

The Board is encouraged by HotApp’s progress and will carefully assess the viability of expanding its development and marketing resources to capture more business opportunities.

Investment Business

Our investment arm is focused on the discovery and development of potentially profitable businesses through investments via equity, convertible securities and financial instruments. Drawing on the expertise of the Group’s senior management, we recognised S\$3.9 million fair value gains on financial assets in FY2017. We are currently in negotiations with potential clients seeking business incubation including capital market opportunities.

While we expand our revenue streams through this asset-light business arm, we will exercise prudence and discretion in our investments, thus ensuring full adherence to appropriate risk management safeguards.

Biomedical Business

SeD has formed a new asset-light biomedical division, SeD BioMedical Inc., which plans to develop, research, manufacture and distribute biomedical products and services.

On 15 August 2017, we announced that the Company through its subsidiary, Global BioLife Inc. (“Global BioLife”)

established a collaboration with U.S.-based Chemia Corporation (“Chemia”) to develop specialised fragrances to counter mosquito-borne diseases and stress and anxiety, and for anti-viral medical applications. Functional Fragrance Formulation (“3F”) is a suite of functional fragrances developed for industrial and medical applications. The first product in 3F’s suite of functional fragrances is 3F Mosquito which is made up of specialised oils sourced from botanicals that mosquitoes avoid. We have formed a working collaboration with Chemia to develop the 3F suite of functional fragrances for addition into laundry detergents, shampoos and lotions to provide additional layers of protection against mosquitoes, as well as developing new advanced coatings for industrial and medical applications.

On 24 October 2017, we announced Global BioLife developed a breakthrough low-calorie, low glycemic index, natural, modified sugar Laetose. We have established a collaboration with top U.S. candy manufacturer, Quality Candy Company LLC, for the development, manufacture and global distribution of Laetose.

On 8 January 2018, we announced the appointment of Dr Roscoe Moore as Senior Scientific Adviser to Global BioLife and Global BioMedical Inc., both subsidiaries of SeD which have diversified into the development, research, manufacture and distribution of biomedical products and services. Dr Moore is a highly-regarded public health expert with a distinguished public service record under two former U.S. Presidents. He served as an Epidemic Intelligence Service Officer with the U.S. Centers for Disease Control and Prevention and as Chief Epidemiologist with the Center for Devices and Radiological Health in the U.S. Food and Drug Administration. He retired with the rank of Rear Admiral which for a period of time made him the highest-ranking veterinarian of all U.S. Uniformed Services.

On 10 January 2018, we announced Global BioLife completed the initial cancer research on the new universal therapeutic drug platform, Linebacker, designed to combat a range of neurological, anti-microbial, anti-viral and oncological diseases. The initial research shows Linebacker’s promise to treat cancer. Linebacker’s demonstrated unique effectiveness against a wide array of cancers due to the drug’s multi-target aspect, affecting the central core linking all cancers.

On 28 Feb 2018, we announced Global BioLife completed the initial Zaire Ebola virus (“Ebola”) research portion of a new anti-viral drug called LB2, which is part of the universal therapeutic drug platform, Linebacker. The LB2 drug displayed efficacy at a much lower dose than the only widely used therapeutic agent for Ebola infection, T-705 (Favipiravir). In addition to Ebola, the LB2 drug demonstrated similar broad efficacy against SARS, MERS, H5N1 Avian Bird Flu, MRSA,

CEO Message

and Cholera. Based on this, Global BioLife is moving forward with their research efforts and expects to see results of the LB2 drug against ZIKA, Malaria, and the influenza pandemic.

In line with the expansion into bio-medical activities, the network marketing arm which sources and distributes health supplements has generated S\$4.1 million revenue in FY2017. We plan to expand our business into Philippines, Malaysia, Australia and New Zealand and intend to launch more products to add on to the flagship product range.

The biomedical field offers SeD exceptional opportunities for corporate recovery, and we will continue to explore potential collaborations in this sector.

Corporate Developments

On 22 March 2017, shareholders approved the capitalisation of a loan from Hengfai Business Development Pte. Ltd. ("HBD"), through the issuance of 372.9 million new shares at a conversion price of S\$0.04 each. The transaction comprised five free detachable warrants for every conversion share, with an exercise price of S\$0.048 each. On 5 April 2017, we announced the completion of the conversion following the allotment and issuance of 372,855,000 Conversion Shares and the issuance of 1,864,275,000 free detachable 2017 Warrants to HBD.

The capitalisation of the loan improved SeD's balance sheet and reduced its gearing ratio, which in turn allowed us to obtain bank financing on more favourable terms. The exercise of these warrants will enable SeD to raise new equity funds, which can be used to finance business expansions, acquisitions and investments, or for general working capital.

Following these corporate actions, the Group's issued share capital base has grown to 1.1 billion shares as at 29 March 2018, as compared to 721.4 million shares a year ago.

Financial Performance in FY2017

Revenue recognition from Ballenger Run and from the distribution of dietary and health supplements through network marketing commenced in FY2017. The Group recorded revenue of S\$15.0 million in FY2017, compared to S\$1.7 million a year ago. The revenue also comprised contributions from our home incubation project, which consisted of the sale of single family homes with existing tenants to Asian investors, HotApp and the investment business.

The Group incurred a net loss attributable to owners of the Company of S\$5.3 million in FY2017 compared to S\$7.2 million a year ago. The decrease in net loss was mainly due

to an increase in revenue from existing property projects and the fair value gains from financial assets.

The various initiatives executed over the past year allowed SeD to broaden its revenue streams and secure earnings in the near to medium term.

Changes to Board of Directors

There have been various changes to the Board of Directors:

- Mr. Basil Chan had decided not to seek for re-election and ceased to be an Independent and Non-Executive Chairman on 28 April 2017; and
- Mr. Chan Yu Meng had decided not to seek for re-election and ceased to be an Independent and Non-Executive Director on 28 April 2017.

I would like to extend my heartfelt gratitude for their contributions to the Group and wish them well in their future endeavours.

I would like to take this opportunity to warmly welcome Mr. Wong Kat Keung who was appointed as Independent Non-Executive Director on 27 January 2017, Mr. Chan King Fai who was appointed as Independent Non-Executive Director on 2 May 2017, Mr. Wong Shui Yeung who was appointed as Independent Non-Executive Director on 5 June 2017 and Dr. Lam Lee G. who was appointed as Non-Executive Vice Chairman on 28 November 2017.

Outlook

FY2017 has been a transformational year for the Group. We will focus on our portfolio of businesses to deliver improved returns in the coming years; the induction of new board members and management all combined to build a stronger foundation to enhance shareholders' value.

Appreciation

I am grateful to our management, staff, directors, partners and service providers for their commitment and hard work over the past year. Above all, I wish to thank our loyal shareholders for their continued support.

Mr Chan Heng Fai

Executive Director and Chief Executive Officer
31 March 2018

Financial Review



Find happiness around every corner.

Find your home at Balenger Run. This fast-growing community in Frederick, Maryland has all the amenities you desire to make every day a little brighter, and homes that will make all the memories made here a little warmer.

Revenue and Gross Profit

The Group recorded revenue of S\$15.0 million in FY2017 compared to S\$1.7 million a year ago. The higher revenue in FY2017 was primarily due to the property development project located in Frederick County, Maryland USA and the distribution of dietary and health supplements through the network marketing business which started generating revenue in FY2017.

In line with the higher revenue, gross profit increased to S\$2.7 million in FY2017 compared to S\$0.2 million in FY2016.

Other Income

Other income amounted to S\$4.3 million in FY2017 compared to S\$1.3 million in FY2016. The higher amount in FY2017 was due to S\$3.9 million fair value gains on the marketable securities.

Expenses

Total operating expenses increased significantly to S\$9.5 million in FY2017 compared to S\$6.4 million in FY2016 mainly due to the additional expenses of S\$2.2 million associated with the network marketing business which commenced in FY2017.

Other expenses increased to S\$4.6 million from S\$2.4 million over the comparative periods mainly due to withholding tax amounting to S\$0.6 million and unrealised forex exchange loss of S\$3.8 million.

Finance costs increased to S\$165,000 in FY2017 from S\$56,000 in FY2016 due to the interest paid to private bond holders.

Financial Review



Bottom Line

As a result, the Group posted a net loss attributable to owners of the Company of S\$5.3 million in FY2017 compared to S\$7.2 million a year ago.

Balance Sheet

The Group's non-current assets increased to S\$644,000 as at 31 December 2017 from S\$197,000 as at 31 December 2016 due to the increase in other investment, offset by depreciation of property, plant and equipment.

Current assets slightly decreased to S\$81.9 million as at 31 December 2017 from S\$82.4 million a year ago due to lower properties under development of S\$69.6 million following the disposal of 42 lots in Ballenger Run, a decrease in property held for sale due to the disposal of a terraced residential property in Washington DC and 2 single-family homes in El Tesoro, and a decrease in cash and bank balance during the year. This was partially offset by higher trade and other receivables associated with the network marketing business and receivables from disposal of properties as well as the higher investment securities following the conversion of the promissory note and warrants.

Total liabilities decreased to S\$37.1 million as at 31 December 2017 from S\$53.1 million as at 31 December 2016. This is mainly due to lower loans and borrowings. The decrease in loans and borrowings of S\$23.9 million is mainly attributable to full repayment of S\$8.4 million loan for Black Oak, and conversion of S\$14.9 million loan from HBD into shares and warrants. These were partially offset by the increase in trade and other payables amounting to S\$8.8 million due to the withholding tax payable and the amount due to a director.

The Group's working capital position increased to S\$46.6 million as at 31 December 2017 compared to S\$31.3 million a year ago.

Statement of Cash Flows

Net cash used in operating activities decreased to S\$9.9 million in FY2017 compared to S\$24.8 million in FY2016, mainly due to a relatively lower increase in properties under development during the year.

The Group incurred S\$597,000 net cash used in investing activities in FY2017 compared to S\$362,000 net cash generated from investing activities in FY2016. This was mainly due to investment in other investments during the year.

Net cash from financing activities decreased to S\$8.8 million as at FY2017 compared to S\$21.3 million as at FY2016. In FY2017, net cash from financing activities comprised: (a) loans and borrowings of S\$0.9 million mainly due to the drawdown of loan for Ballenger Run; proceeds of S\$6.4 million arising from issuance of new shares pursuant to exercise of warrants; and the advance from a director of S\$9.8 million. These were offset by the repayment of loans and borrowings amounting to S\$8.4 million.

The Group's cash and cash equivalents decreased to S\$1.7 million as at 31 December 2017 from S\$3.9 million as at 31 December 2016.

Board of Directors

MR. CHAN HENG FAI

*Executive Director and
Group Chief Executive Officer*

Mr. Chan Heng Fai was appointed as a Non-Executive Director on 31 May 2013, re-designated as an Executive Director on 1 March 2014 and subsequently appointed as the 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 a Non-Executive Director of Australian Securities Exchange (“ASX”)-listed bio-technology company, Holiata CollTech Limited.

He was the former Managing Chairman and Executive Director of Hong Kong Exchange (“SEHK”)-listed Heng Fai Enterprises Limited (now known as ZH International Holdings 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 in 2015, when he ceded controlling interest.

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

He has 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 ASX-listed airline company; 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 re-capitalised, 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 KING FAI

Independent & Non-Executive Director

Mr. Chan King Fai, was appointed as an Independent Non-Executive Director on 2 May 2017.

Mr. Chan is currently an Independent Non-Executive Director of Fire Rock Holdings Limited, which is listed on the GEM Board of the Hong Kong Stock Exchange and was an Independent Non-Executive Director of Heng Fai Enterprises Limited (now named as ZH International Holdings Ltd.) from August 2011 to July 2015, which is listed on the Main Board of the Hong Kong Stock Exchange. Mr. Chan has over 25 years of experience in accounting, taxation and company secretarial services. He is a practising certified public accountant in Hong Kong and is currently a partner of Lau Chan and Company, Certified Public Accountants. Mr. Chan holds a master’s degree in business administration from The University of Warwick (the United Kingdom) and a master’s degree in accountancy from The Chinese University of Hong Kong (Hong Kong). He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Taxation Institute of Hong Kong, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators. Mr. Chan is currently a Certified Tax Adviser in Hong Kong.

MR. CHAN TUNG MOE

*Executive Director and
Group Chief Development Officer*

Mr. Chan Tung Moe (“Mr. Moe Chan”) was appointed as the Group Chief Development Officer on 31 July 2015 and is responsible for the Group’s international property development business. Mr. Moe Chan was appointed as an Executive Director on 12 January 2016.

Mr. Moe Chan was previously the Group Chief Operating Officer of SEHK-listed ZH International Holdings Ltd (formerly known as Heng Fai Enterprises Limited),

and was 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 an Executive Director and Chief of Project Development of SGX-ST Catalist-listed SingHaiyi Group Ltd, overseeing its property development projects. He was also a Non-Executive Director of the Toronto Stock Exchange-listed, RSI International Systems Inc.

Mr. Moe Chan has a diverse background and experience in the fields of property, hospitality, investment, technology and consumer finance. He holds a Masters 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.

DR. LAM LEE G.

Non-Executive Vice Chairman

Dr. Lam Lee G. was appointed as a Non-Executive Vice Chairman on 28 November 2017.

Dr. Lam is Chairman of Hong Kong Cyberport Management Company Limited, Non-Executive Chairman - Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia, a member of the Hong Kong Special Administrative Region Government’s Committee on Innovation, Technology and Re-Industrialization, the Hong Kong Council on Smoking and Health and the Council on Professional Conduct in Education (CPC), Convenor of the Panel of Advisors on Building Management Disputes of the Hong Kong Special Administrative Region Government’s Home Affairs Department, a member of the Court of the City University of Hong Kong, Vice Chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council and Chairman of its Task Force on Banking and Finance, Chairman of the Permanent Commission on Economic and Financial Issues of World Union of Small and Medium Enterprises (WUSME), a Board member of Pacific Basin Economic Council (PBEC), a member of Belt and Road Committee of the Hong Kong Trade Development Council and the Sir Murray MacLehose Trust Fund Investment Advisory Committee, Honorary Advisor to the Hong Kong Business Angel Network

Board of Directors

(HKBAN), Honorary Chairman - Asia Pacific of CMA Australia, Chairman of Monte Jade Science and Technology Association of Hong Kong, President of Hong Kong-ASEAN Economic Cooperation Foundation, Vice President of the Hong Kong Real Property Federation, Special Adviser to the Asia Pacific Real Estates Association, a Board member of the Chinese General Chamber of Commerce of Hong Kong and the Australian Chamber of Commerce in Hong Kong and Macau, a founding Board member and the Honourary Treasurer of the Hong Kong Vietnam Chamber of Commerce, Vice Chairman of the Hong Kong Myanmar Chamber of Commerce, a founding member of the Hong Kong-Korea Business Council, and a member of the Hong Kong-Thailand Business Council.

Dr. Lam earlier served as a part-time member of the Hong Kong Special Administrative Region Government's Central Policy Unit, and a member of the Task Force on Industry Facilitation under the Digital 21 Strategy Advisory Committee, the Assessment Panel of the Small Entrepreneur Research Assistance Programme under the Innovation and Technology Fund, the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited, the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, the New Business Committee of the Hong Kong Financial Services Development Council, the School Allocation Committee of the Hong Kong Special Administrative Region Government Education Bureau, and the Legal Aid Services Council.

Dr. Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. Dr. Lam earlier served as a General Manager of Hongkong Telecom, Vice President and Managing Partner - Greater China of the international management consulting firm A.T. Kearney, President & CEO and Vice Chairman of the Board of Chia Tai Enterprises International Limited (now C.P. Lotus Corporation) of multinational conglomerate CP Group, Vice Chairman and COO of Investment Banking Division of BOC International Holdings (the international investment banking arm of the Bank of China group), Executive Director of Singapore Technologies Telemedia (a member of Temasek Holdings), and Chairman - Hong Kong / Vietnam / Cambodia / Laos / Myanmar / Thailand and Senior Adviser - Asia of Macquarie Capital. Dr. Lam holds a BSc in sciences and

mathematics, an MSc in systems science and an MBA from the University of Ottawa in Canada, a post-graduate diploma in public administration from Carleton University in Canada, a post-graduate diploma in English and Hong Kong Law and an LLB (Hons) in law from Manchester Metropolitan University in the UK, a LLM in law from the University of Wolverhampton in the UK, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, an MPA and a PhD from the University of Hong Kong. A former member of the Hong Kong Bar, Dr. Lam is a Solicitor of the High Court of Hong Kong, an Honorary Fellow of CPA Australia, a Fellow of CMA Australia, a Fellow of the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), and a Fellow of the Hong Kong Institute of Directors.

MR. TAO YEOH CHI

Independent Non-Executive Director

Mr. Tao Yeoh Chi was appointed as an Independent Non-Executive Director on 27 June 2013. He is currently the lead independent director of the company and a member of the Nominating Committee. Mr. Tao Yeoh Chi was last re-elected to the Board in April 2015.

Mr. Tao Yeoh Chi 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 was an Independent Director of SGX-listed, Sapphire Corporation Ltd. He is currently a director of STT Communications (Shanghai) Co. Ltd.

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

MR. WONG SHUI YEUNG

Independent Non-Executive Director

Mr. Wong Shui Yeung was appointed as Independent Non-Executive Director, Chairman of the Audit & Risk Management Committee and member of the Remuneration Committee on 5 June 2017.

Mr. Wong is currently the Chief Financial Officer and Company Secretary of LT Commercial Real Estate Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is a practising member and fellow of Hong Kong Institute of Certified

Public Accountants and a member of Hong Kong Securities and Investment Institute and holds a bachelor's degree in business administration. From 2001 to 2016, Mr. Wong was the Chief Financial Officer of ZH International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. Between 2009 and 2013, Mr. Wong was also the Chief Financial Officer of SingHaiyi Group Limited, the shares of which are listed on the Catalist of the Singapore Exchange Securities Trading Limited. Mr. Wong has been appointed as an Independent Non-Executive Director of SMI Holdings Group Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 13 April 2017.

MR. WONG TAT KEUNG

Independent Non-Executive Director

Mr. Wong Tat Keung was appointed as an Independent Non-Executive Director on 27 January 2017. He is the Chairman of the Nominating Committee and is a member of both the Audit & Risk Management and Remuneration Committee.

Mr. Wong Tat Keung has over 20 years' experience in audit, accounting, taxation and business advisory. He practised as a Certified Public Accountant and is a Director of Aston Wong CPA Ltd since 2010. Mr. Wong served as the proprietor at Aston Wong & Co from 2006 to 2009.

Mr. Wong Tat Keung is an Independent Director of Roma Group Limited. Prior to this, he held independent directorships at Heng Fai Enterprises Limited (listed on SEHK) and SGX-ST Catalist-listed Singhaiyi Group Ltd. Mr. Wong Tat Keung is a Certified Public Accountant, admitted to practise in Hong Kong. He is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration (Financial Services) from the University of Greenwich.

Corporate Governance Report

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 interests of shareholders of the Company (“**Shareholders**”) and enhancing long-term Shareholders’ value and returns.

Rule 710 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) 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 Corporate Governance Report describes the Company’s corporate governance practices with specific reference to the Code for the financial year ended 31 December 2017 (“**FY2017**”). 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 Shareholders’ 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:

Guideline
1.1

- 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, including the safeguarding of Shareholders’ interests and the Company’s assets;
- review the Management’s performance;
- identify key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- set the Company’s values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;
- consider sustainability issues, such as environmental and social factors, as part of its strategic formulation;
- approve major investment funding and the annual budget;
- approve the nomination of Directors to the Board; and
- oversee the business conduct of the Company and assume responsibility for corporate governance.

The Board is of the view that it has taken objective decisions to discharge its duties and responsibilities in the interests of the Company.

Guideline
1.2

Corporate Governance Report

To assist the Board in the execution of its responsibilities, specialised committees of the Board, namely, the Audit & Risk Management Committee (“**ARMC**”), the Nominating Committee (“**NC**”) and the 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, the NC and the 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, the NC and the RC are provided under the sections on Principles 4, 5, 7, 8, 11 and 12 of this Corporate Governance Report. Guideline 1.3

The Board meets 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. The schedule of all the regular Board and Board Committees meetings as well as the Annual General Meeting for each financial year are planned in advance. The members of the Board 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 Management. Detailed Board papers are prepared for each Board or Board Committee meeting. The Board papers include sufficient information from the Management on financial, business and corporate issues and are normally circulated in advance before each Board or Board Committee meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be briefed before the Board or Board Committees meeting. Ad-hoc Board or Board Committees meetings are convened as and when deemed necessary. The ARMC is also encouraged to communicate amongst themselves with the Company’s Auditors and Chief Financial Officer (“**CFO**”) directly. Guideline 1.4

Matters which are specifically reserved for Board’s approval include: Guideline 1.5

- major investment funding;
- annual budget;
- transactions involving a conflict of interest for a substantial Shareholder or a Director;
- material acquisitions and disposal of assets;
- corporate or financial restructuring;
- issuance of new shares;
- proposal and declaration of dividends;
- release of the Group’s financial results; and
- interested person transactions of a material nature.

The Company’s Constitution provides for Board or Board Committees meetings to be conducted by means of telephone-conference, video-conference, audio visual or other electronic means of communication. Guideline 1.4

The number of the Board and ARMC, NC and RC meetings and the attendance of each Director during his appointment, at the meetings for FY2017 is as follows: Guideline 1.4

Corporate Governance Report

Name of Director	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
Chan Heng Fai ⁽¹⁾	4	3	4	N.A.	1	N.A.	2	1
Chan Tung Moe	4	4	4	N.A.	1	N.A.	2	N.A.
Tao Yeoh Chi ⁽²⁾	4	2	4	4	1	1	2	1
Wong Tat Keung ⁽³⁾	2	1	3	3	N.A.	N.A.	2	N.A.
Chan King Fai ⁽⁴⁾	1	1	2	2	N.A.	N.A.	N.A.	N.A.
Wong Shui Yeung ⁽⁵⁾	1	1	2	2	N.A.	N.A.	2	N.A.
Lam Lee G. ⁽⁶⁾	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Basil Chan ⁽⁷⁾	3	3	2	2	1	1	N.A.	N.A.
Chan Yu Meng ⁽⁸⁾	3	2	2	2	1	1	2	2

Notes:

- * Number of meetings held during his appointment as a Director of the Company.
- (1) Chan Heng Fai was appointed as the Executive Chairman of the Company with effect from 5 June 2017.
- (2) Tao Yeoh Chi was appointed as the Lead Independent Director and ceased being the Chairman of the RC and a member of the ARMC and NC with effect from 5 June 2017. Tao Yeoh Chi was subsequently reappointed as a member of the Nominating Committee with effect from 1 March 2018.
- (3) Wong Tat Keung was appointed to the Board as an Independent Non-Executive Director and a member of the ARMC with effect from 27 January 2017. Wong Tat Keung was subsequently appointed as the Chairman of the NC and a member of the RC with effect from 4 June 2017.
- (4) Chan King Fai was appointed to the Board as an Independent Non-Executive Director and a member of the AMRC and NC with effect from 2 May 2017. Chan King Fai was subsequently appointed as a member of the RC with effect from 4 June 2017.
- (5) Wong Shui Yeung was appointed to the Board as an Independent Non-Executive Director and a Chairman of the ARMC and the RC with effect from 5 June 2017.
- (6) Lam Lee G. was appointed to the Board as a Non-Executive Director of the Company with effect from 28 November 2017. Upon his appointment, Dr Lam Lee G. also acted as the Vice-Chairman of the Company.
- (7) Basil Chan retired as an Independent Non-Executive Director of the Company with effect from 28 April 2017.
- (8) Chan Yu Meng retired as an Independent Non-Executive Director of the Company with effect from 28 April 2017.

All Directors are updated regularly concerning any material changes in policies of the Company, 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 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 Chief Executive Officer ("CEO") also updates the Board at each Board meeting on business and strategic developments pertaining to the Group's business.

Guideline
1.6

Corporate Governance Report

The Company will ensure that incoming and newly appointed Directors are given the necessary guidance and orientation (which may include management presentations) to allow the newly appointed 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. Upon appointment, the newly appointed Directors will also be provided with formal letters, setting out their duties and obligations.

Guideline
1.6

The Directors are conscious of the importance of the 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 member of a Board Committee, as and when necessary. Continuous and ongoing training programmes are also encouraged and such training programmes shall be funded by the Company.

Guideline
1.6

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 Corporate Governance Report, the Board comprises seven (7) Directors, out of which there are four (4) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Non-Executive Director. There is a strong and independent element on the Board, capable of exercising objective judgment on corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. The Independent Non-Executive Directors chair all Board Committees.

Guideline
2.1

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 judgment of the Group's affairs with a view to the best interests of the Company.

Guideline
2.3

The four (4) Independent Non-Executive Directors, namely, Mr Tao Yeoh Chi, Mr Wong Tat Keung, Mr Wong Shui Yeung and Mr Chan King Fai 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 judgment with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent.

Guideline
2.3

The NC is of the view that the Board has the requisite blend of expertise, skills, experience and attributes to oversee the Company's business. Collectively, the Board has 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 Chairman has many years of experience in the property development sector and the investment business sector that we operate in.

Guideline
2.6

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. Where the need arises to identify suitable director nominees, the NC will consider diversity in gender, in addition to skills, experience and knowledge, as a factor.

Guideline
2.5

The Independent Non-Executive 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. To facilitate a more effective check on the Management, the Independent Non-Executive Directors have on some occasions met without the presence of the Management.

Guideline
2.7

Guideline
2.8

Corporate Governance Report

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 Non-Executive Director who has served on the Board beyond nine (9) years from the date of his first appointment. The Company does not have any alternate Directors on the Board and did not appoint any alternate Directors for FY2017. The Company will avoid the appointment of alternate Directors, save for limited periods in exceptional cases such as when a Director has a medical emergency.

Guideline
2.4

Guideline
4.5

Information on the interests of Directors 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 pages 40 to 42 of this Annual Report.

PRINCIPLE 3: 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.

As the Executive Chairman and the CEO the same person, the Company is required to appoint a Lead Independent Director. Mr Tao Yeoh Chi has been appointed as the Lead Independent Director of our Company. Mr Tao Yeoh Chi is available to shareholders when they have concerns for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate. The Independent Non-Executive Directors also make up more than half the Board. The Board is able to exercise its power objectively and independently from the Management. No individual or small group of individuals dominates the Board's decision making process. The CEO and senior management regularly consult with individual members of the Board and seek the advice of members of the Board Committees through meetings, telephone calls as well as by electronic mail.

Guideline
3.1

Guideline
3.3

Led by the Lead Independent Director, the Independent Non-Executive Directors meet periodically without the presence of the other directors and the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

Guideline
3.4

The Executive 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 plays a key role in:

Guideline
3.2

- scheduling meetings, setting the agenda and ensuring that adequate time is provided for all agenda items, in particular strategic issues to enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- ensuring that the Directors receive complete, adequate, accurate, timely and clear information and 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;
- exercising control over the quality, quantity and timeliness of the flow of information between the Board and the Management and facilitating the relationship between the Board, and the Management, engaging them in constructive discussions over various matters, including strategic issues and business planning processes;
- facilitating the effective contribution of the Independent Non-Executive Directors in particular;
- encouraging constructive relations between the Executive Directors and the Independent Non-Executive Directors, as well as ensuring effective communication with Shareholders; and
- promoting high standards of corporate governance.

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.

Corporate Governance Report

PRINCIPLE 4: BOARD MEMBERSHIP

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

As at the date of this Corporate Governance Report, the NC comprises three (3) Independent Non-Executive Directors, namely, Mr Wong Tat Keung (Chairman of the NC), Mr Tao Yeoh Chi and Mr Chan King Fai, and one (1) Executive Director, namely, Mr Chan Heng Fai. Guideline 4.1

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: Guideline 4.1

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors; Guideline 4.2
- establishing and reviewing the terms of reference for the NC annually; Guideline 4.3
- nominating Directors for re-election in accordance with the Company's Constitution at each Annual General Meeting;
- determining annually, and as and when circumstances require, 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.

The process for the selection and appointment of new Directors, which is led by the NC, is as follows: Guideline 4.6

- evaluating the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with the Management, preparing a description of the role and the essential and desirable competencies for a particular appointment;
- where necessary, external help may be used to source for potential candidates. The Board and the Management may also make suggestions;
- meeting 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
- make recommendations to the Board for approval.

Corporate Governance Report

Pursuant to Regulation 89 of the Company's Constitution, at each Annual General Meeting, 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 each Director's competencies, commitment, contribution and performance which include the attendance, level of preparedness, participation and candour of such Directors although nomination for re-election or replacement does not necessarily reflect the Directors' performance, or commitment or contributions to the Board. Guideline
4.2

The Directors who are retiring pursuant to Regulation 89 of the Company's Constitution are:

- (i) Mr Chan Heng Fai; and
- (ii) Mr Tao Yeoh Chi.

The NC has recommended to the Board that each of Mr Chan Heng Fai and Mr Tao Yeoh Chi be nominated for re-election at the forthcoming Annual General Meeting.

Mr Chan Heng Fai, if re-elected as Director, will remain as the Executive Chairman and CEO of the Company. Further information on Mr Chan Heng Fai can be found under the sections entitled "Board of Directors", and "Directors' Statement" in this Annual Report.

Mr Tao Yeoh Chi will, upon re-election as a Director of the Company, remain as the Lead Independent Director and a member of the Nominating Committee and will be considered independent for the purposes of Rule 704(7) of Section B: Rules of Catalyst of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Catalist Rules").

In addition, pursuant to Regulation 88 of the Company's Constitution, the Company may by Ordinary Resolution appoint any person to be a Director as an additional Director. Any person so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. Guideline
4.7

The following Directors shall retire pursuant to Regulation 88 of the Company's Constitution:

- (i) Dr Lam Lee G.;
- (ii) Mr Chan King Fai; and
- (iii) Mr Wong Shui Yeung.

The NC has recommended to the Board that each of Dr Lam Lee G., Mr Chan King Fai and Mr Wong Shui Yeung be nominated for re-election at the forthcoming Annual General Meeting in accordance with Regulation 88 of the Company's Constitution.

Dr Lam Lee G., if re-elected as Director, will remain as the Non-Executive Vice Chairman of the Company. Dr Lam Lee G. does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Dr Lam Lee G. can be found under the section entitled "Board of Directors" in this Annual Report.

Mr Chan King Fai will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, a member of the Audit and Risk Management Committee, Nominating Committee and the Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalyst Rules. Mr Chan King Fai does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Chan King Fai can be found under the sections entitled "Board of Directors" in this Annual Report.

Mr Wong Shui Yeung will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, Chairman of the Audit and Risk Management Committee and the Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalyst Rules. Mr Wong Shui Yeung does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Wong Shui Yeung can be found under the sections entitled "Board of Directors" in this Annual Report.

Corporate Governance Report

The Board's size was adequate for effective decision making taking into account the nature and the scope of the Company's operations in respect of FY2017.

All Directors are required to declare their board representations in other companies by completing a declaration form disclosing the required information. The NC determines the independence of Directors annually in accordance with the guidelines set out in the Code. Guideline 4.3

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. Guideline 4.4

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. Guideline 4.4

Key information regarding the Directors such as the Directors' academic and professional qualifications, date of first appointment, date of last re-election, present and past three (3) years' directorships in other listed companies and other relevant information is disclosed in the table below and under the section entitled "Board of Directors" on pages 17 to 18 of this Annual Report. Information on the interests of Directors 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 pages 40 to 42 of this Annual Report. Guideline 4.7

Name of Director	Appointment	Date of first appointment	Date of last re-election	Directorships in other listed companies	
				Current	Past three (3) years
Chan Heng Fai ⁽¹⁾	Executive Chairman and Chief Executive Officer	31 May 2013	27 April 2015	Document Security Systems, Inc. Holista CollTech Limited RSI International Systems, Inc.	ZH International Holdings Ltd
Chan Tung Moe	Executive Director	12 January 2016	N.A.	–	RSI International Systems Inc
Tao Yeoh Chi ⁽²⁾	Independent Non-Executive Director	27 June 2013	27 April 2015	–	Sapphire Corporation Ltd. Hanwell Holdings Limited
Wong Tat Keung ⁽³⁾	Independent Non-Executive Director	27 January 2017	N.A.	ROMA Group Limited	ZH International Holdings Ltd
Chan King Fai ⁽⁴⁾	Independent Non-Executive Director	2 May 2017	N.A.	Fire Rock Holdings Limited	ZH International Holdings Ltd
Wong Shui Yeung ⁽⁵⁾	Independent Non-Executive Director	5 June 2017	N.A.	SMI Holdings Group Limited	Nil

Corporate Governance Report

Name of Director	Appointment	Date of first appointment	Date of last re-election	Directorships in other listed companies	
				Current	Past three (3) years
Lam Lee G. ⁽⁶⁾	Non-Executive Director and Vice Chairman	28 November 2017	N.A.	Adamas Finance Asia Limited	ZH International Holdings Ltd
				Asia-Pacific Strategic Investments Limited	Vietnam Equity Holding
				AustChina Holdings Limited	Roma Group Limited
				China LNG Group Limited	Imagi International Holdings Limited
				China Shandong Hi-Speed Financial Group Limited	UDL Holdings Limited
				CSI Properties Limited	Mingyuan Medicare Development Company Limited
				Elife Holdings Limited	Ruifeng Petroleum Chemical Holdings Ltd
				Glorious Sun Enterprises Limited	
				Haitong Securities Company Limited	
				Hua Long Jin Kong Company Limited	
				Huarong Investment Stock Corporation Limited	
				Kidsland International Holdings Limited	
				Mei Ah Entertainment Group Limited	
				National Arts Entertainment and Culture Group Ltd.	
				Rowsley Limited	
				Sunwah International Limited	
				Sunwah Kingsway Capital Holdings Limited	
				Tianda Pharmaceuticals Limited	
				Top Global Limited	
				Vongroup Limited	
Xi'an Haitiantian Holdings Company Limited					

Corporate Governance Report

Notes:

- (1) Chan Heng Fai was appointed as the Executive Chairman of the Company with effect from 5 June 2017.
- (2) Tao Yeoh Chi was appointed as the Lead Independent Director and ceased being the Chairman of the RC and a member of the ARMC and NC with effect from 5 June 2017. Tao Yeoh Chi was subsequently reappointed as a member of the Nominating Committee with effect from 1 March 2018.
- (3) Wong Tat Keung was appointed to the Board as an Independent Non-Executive Director and a member of the ARMC with effect from 27 January 2017. Wong Tat Keung was subsequently appointed as the Chairman of the NC and a member of the RC with effect from 4 June 2017.
- (4) Chan King Fai was appointed to the Board as an Independent Non-Executive Director and a member of the AMRC and NC with effect from 2 May 2017. Chan King Fai was subsequently appointed as a member of the RC with effect from 4 June 2017.
- (5) Wong Shui Yeung was appointed to the Board as an Independent Non-Executive Director and a Chairman of the ARMC and the RC with effect from 5 June 2017.
- (6) Lam Lee G. was appointed to the Board as a Non-Executive Director of the Company with effect from 28 November 2017. Upon his appointment, Dr Lam Lee G. also acted as the Vice-Chairman of the Company.

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 its Board Committees, namely, the ARMC, the NC and the RC, and the contribution by the Chairman and each individual Director to the effectiveness of the Board. The objective of the annual Board evaluation is to identify areas for improvement and to implement appropriate action. Guideline 5.1

The areas of assessment under the Board evaluation process focused on: Guideline 5.2

- Board's conduct of meetings;
- Board's review of corporate strategy and planning;
- risk management and internal controls;
- whistle-blowing matters;
- measuring and monitoring performance;
- recruitment and evaluation;
- compensation for Board and key executives;
- succession planning;
- financial reporting; and
- communication with Shareholders.

The areas of assessment under the Board evaluation process do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board. Guideline 5.2

Corporate Governance Report

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 its 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 self-assessment checklists were considered by the NC. The NC Chairman reviews the results of the Board evaluation, and in consultation with the NC, propose to the Board, where appropriate, to make relevant changes to the Board's or Board Committees' size and composition. Guideline
5.3

The NC has assessed the current Board's and Board Committees' 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. Guideline
5.1

Going forward, the NC will continue to review the formal Board evaluation process for assessing the Board's and each Board Committee's performance, and also review the contribution of each individual Directors to the effectiveness of the Board and their relevant Board Committees. The Chairman acts on the results of the Board 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 nomination for re-election as Director of the Company.

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 duties and responsibilities, members of the Board 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 and explanatory information relating to the matters to be brought before the Board as well as strategies, initiatives and developments for the Group's business. The Directors are also entitled to request the 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. These reports include budgets, forecasts and internal interim financial statements. Any material variance between the projections and actual results are also disclosed and explained to the Board. Reports from the internal and external auditors are also supplied to the Board. Guideline
6.1
Guideline
6.2

The members of the Board have separate and independent access to the Management as well as the Company Secretary at all times. Guideline
6.1

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 the Management and the Independent Non-Executive Directors, as well as facilitating orientation and assisting with professional development where required. Guideline
6.3

The Board as a whole is fully involved in and responsible for the appointment and removal of the Company Secretary. Guideline
6.4

Corporate Governance Report

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. Guideline 6.5

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.

As at the date of this Corporate Governance Report, the RC comprises three (3) Independent Non-Executive Directors, namely Mr Wong Shui Yeung (Chairman of the RC), Mr Wong Tat Keung and Mr Chan King Fai. Guideline 7.1

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 RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board. Guideline 7.1

Guideline 7.2

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. The RC also reviews the Company's obligations arising in the event of the termination of an Executive Director or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Guideline 7.3

Each member of the RC will abstain from voting and discussion on any resolutions in respect of his or her own remuneration package. Guideline 7.4

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 FY2017. Guideline 7.3

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 the Management of the required experience and expertise.

Corporate Governance Report

The remuneration of the Executive Directors and key management personnel for FY2017 comprised of a fixed component in the form of a base salary. Our Executive Director, Mr. Chan Tung Moe's remuneration contains a variable bonus which is dependent on the performance based on key performance indicators. Going forward, the RC is reviewing the Group's remuneration policy for all Executive Directors and key management personnel to include a variable component in the form of a variable bonus, grant of share options under the Option Scheme (as defined herein) or award of performance shares under the Share Plan (as defined herein) which will be linked to the performance of each individual 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 individual. The variable component will also take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to time horizon risks.

Guideline
8.1

Guideline
8.2

Guideline
9.6

The Company currently does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from its Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The Company shall also review the feasibility of having the said contractual provisions in future renewals of service contracts of its Executive Directors and key management personnel as recommended by the Code.

Guideline
8.4

The Executive Directors do not receive Directors' fees. The letters of appointment of the Executive Directors do not contain onerous renewal clauses and may be terminated by giving one (1) month to (3) months prior written notice or an amount equal to one (1) month to (3) months salary in lieu of such notice.

The Independent Non-Executive Directors 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. Going forward, the RC is considering, in addition to the granting of share options under the Option Scheme (as defined herein), awarding performance shares under the Share Plan (as defined herein) to further align the interests of Independent Non-Executive Directors with Shareholders' interests. 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 arrears for FY2017, amounted to S\$154,000. The RC has recommended that Directors' fees of up to S\$200,000 (2017: S\$230,000) based on the same framework, shall be paid half yearly in arrears for the financial year ending 31 December 2018.

Guideline
8.3

The general framework of Directors' fees is as follows¹:

	Directors' Fees	
	Basic	Additional
Board		
Director	\$30,000	–
Lead Independent Director	–	\$20,000
Audit & Risk Management Committee		
Chairman	–	–
Member	–	–
Nominating Committee		
Chairman	–	–
Member	–	–
Remuneration Committee		
Chairman	–	–
Member	–	–

Corporate Governance Report

Singapore eDevelopment Limited Share Option Scheme

The Company implemented its share option scheme on 20 November 2013 (the “**Option Scheme**”) as a long-term incentive scheme. The Option Scheme is administered by the RC. Guideline
8.1

The objective of the Option Scheme is to: Guideline
8.2

- motivate participants to achieve higher efficiency and productivity and improve the performance of the Group and its businesses; Guideline
9.5
- instil a sense of loyalty to the Group in the participants, and to create an incentive for participants to work towards the long-term wellbeing of the Group; Guideline
9.6
- to align the interests of participants with Shareholders’ interests;
- to make employee and/or director remuneration sufficiently competitive to recruit and retain participants whose contributions are important to the growth and profitability of the Group;
- to attract potential employees and/or directors with relevant skills to contribute to the Group; and
- to give recognition to the contributions made or to be made by participants to the success of the Group.

The following persons shall be eligible to participant in the Option Scheme:

- confirmed employees of the Group;
- executive directors of the Group;
- non-executive directors of the Group (including independent directors of the Group); and
- controlling Shareholders and/or their associates who are either confirmed employees of the Group, executive directors of the Group or non-executive directors of the Group, provided that the participation by each such controlling Shareholder or associate, and each grant of share options to any one of them may be effected only with the specific prior approval of Shareholders at a general meeting in separate resolutions.

Other salient information relating to the Option Scheme is set out below:

- The aggregate number of shares in respect of which share options may be granted on any date under the Option Scheme, when added to the amount of shares issued and issuable and/or transferred and transferrable in respect of all shares available under the Option Scheme and all shares, options or awards under any other share option or share scheme of the Company then in force, shall not exceed 20% of the number of issued shares (excluding treasury shares) of the Company on the day immediately preceding the date on which the share option is granted (or such other limit as the SGX-ST may determine from time to time).
- The aggregate number of shares in respect of which share options may be offered to a participant for subscription in accordance with the Option Scheme shall be determined at the discretion of the RC who shall take into account criteria such as rank, skills, experience, past performance, years of service and potential for future development and contribution to the Group of the participant.

Corporate Governance Report

- The exercise price for each share in respect of which a share option is exercisable shall be determined by the RC, in its absolute discretion, on the date on which the share option is granted, at a price equal to the market price, or a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 50% of the market price and specific prior approval of Shareholders at a general meeting in a separate resolution have authorised the making of offers and grants of share options under the Option Scheme at a discount not exceeding the maximum discount as aforesaid.

“Market price” refers to a price equal to the average of the closing market prices of the shares over a period of five (5) consecutive market days immediately prior to the date on which the share option is granted, provided always that in the case of a market day on which shares were not traded on the SGX-ST, the closing market price for the shares on such market day shall be deemed to be the closing market price of the shares on the immediately preceding market day on which shares were traded, rounded up to the nearest whole cent.

- Share options granted with the exercise price set at market price shall only be exercisable, in whole or in part, by a participant after the first (1st) anniversary of the date on which the share option was granted. Share options granted with the exercise price set a discount to the market price shall only be exercisable, in whole or in part, by a participant after the second (2nd) anniversary of the date on which the share option was granted.

Further details on the Option Scheme can be found in the Company’s circular dated 28 October 2013.

In FY2017, there were no share options granted under the Option Scheme.

Details of the share options to subscribe for ordinary shares in the capital of the Company granted to Directors pursuant to the Option Scheme are as follows:

Name of Director	Share options granted during financial year under review	Since commencement of the Option Scheme to end of financial year under review			Aggregate share options outstanding as at end of financial year under review	Current exercise price S\$
		Aggregate share options granted	Aggregate share options exercised	Aggregate share options forfeited		
Chan Heng Fai ⁽¹⁾	–	1,061,333	–	–	1,061,333	0.12
Chan Tung Moe	–	–	–	–	–	–
Tao Yeoh Chi ⁽²⁾	–	530,667	–	–	530,667	0.12
Wong Tat Keung ⁽³⁾	–	–	–	–	–	–
Chan King Fai ⁽⁴⁾	–	–	–	–	–	–
Wong Shui Yeung ⁽⁵⁾	–	–	–	–	–	–
Lam Lee G. ⁽⁶⁾	–	–	–	–	–	–
Basil Chan ⁽⁷⁾	–	796,000	–	(796,000)	–	0.11
Chan Yu Meng ⁽⁸⁾	–	530,667	–	(530,667)	–	0.12
Total	–	2,918,667	–	(1,326,667)	1,592,000	

Corporate Governance Report

Notes:

- (1) Chan Heng Fai was appointed as the Executive Chairman of the Company with effect from 5 June 2017.
- (2) Tao Yeoh Chi was appointed as the Lead Independent Director and ceased being the Chairman of the RC and a member of the ARMC and NC with effect from 5 June 2017. Tao Yeoh Chi was subsequently reappointed as a member of the Nominating Committee with effect from 1 March 2018.
- (3) Wong Tat Keung was appointed to the Board as an Independent Non-Executive Director and a member of the ARMC with effect from 27 January 2017. Wong Tat Keung was subsequently appointed as the Chairman of the NC and a member of the RC with effect from 4 June 2017.
- (4) Chan King Fai was appointed to the Board as an Independent Non-Executive Director and a member of the AMRC and NC with effect from 2 May 2017. Chan King Fai was subsequently appointed as a member of the RC with effect from 4 June 2017.
- (5) Wong Shui Yeung was appointed to the Board as an Independent Non-Executive Director and a Chairman of the ARMC and the RC with effect from 5 June 2017.
- (6) Lam Lee G. was appointed to the Board as a Non-Executive Director of the Company with effect from 28 November 2017. Upon his appointment, Dr Lam Lee G. also acted as the Vice-Chairman of the Company.
- (7) Basil Chan retired as an Independent Non-Executive Director of the Company with effect from 28 April 2017.
- (8) Chan Yu Meng retired as an Independent Non-Executive Director of the Company with effect from 28 April 2017.

Singapore eDevelopment Performance Share Plan

The Company implemented its performance share plan scheme on 23 October 2014 (the “**Share Plan**”) to complement the Option Scheme and serve as an additional and flexible incentive tool for the Group. The Share Plan is administered by the RC. Guideline
8.2

The objective of the Share Plan is to: Guideline
9.5

- give recognition to contributions made or to be made by employees of the Group by introducing a variable component to their remuneration package; Guideline
9.6
- motivate participants to achieve higher efficiency and productivity and improve the performance of the Group and its business units;
- provide an opportunity for participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group; and
- increase the competitiveness of the remuneration and incentive package that may be offered by the Group to attract and retain key employees of the Group whose contributions are important to the growth and profitability of the Group.

The following persons shall be eligible to participant in the Share Plan:

- employees of the Group;
- executive directors of the Group; and
- controlling Shareholders and/or their associates who are either employees of the Group or executive directors of the Group shall not participate in the Share Plan unless their participation and the actual number of performance shares and the terms of any award of performance shares, have been approved by independent Shareholders at a general meeting in separate resolutions.

Corporate Governance Report

Other salient information relating to the Share Plan is set out below:

- The total number of shares that may be issued or are issuable pursuant to the award of performance shares on any date when added to the aggregate number of shares that are issued or are issuable in respect of such other share based incentive schemes of the Company (if any), shall not exceed 20% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued shares of the Company on the day immediately preceding the date on which the award of performance shares shall be made, provided that the aggregate number of performance shares which may be awarded to participants who are controlling Shareholders and/or their associates under the Share Plan shall not exceed 25% of the total number of shares available under the Share Plan and such other share based incentive schemes of the Company, and the aggregate number of performance shares which may be awarded to each participant who is a controlling Shareholder and/or an associate of a controlling Shareholder under the Share Plan shall not exceed 10% of the total number of shares available under the Share Plan and such other share based incentive schemes of the Company.
- Awards may only be vested and consequently any performance shares comprised in such awards shall only be delivered upon the RC being satisfied that the participant has achieved the performance target(s) and that the vesting period (if any) has expired provided always that the RC shall have the absolute discretion to determine the extent to which the performance shares under that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No performance shares under the award shall be released for the portion of the prescribed performance target(s) that is not satisfied by the participant at the end of the prescribed performance period.
- Awards represent the right of a participant to receive fully-paid performance shares free of charge. A participant is entitled to receive fully-paid performance shares subject to certain prescribed performance target(s) being met.
- The selection of a participant, the number of performance shares which are the subject of each award to be made to him, and the prescribed vesting period shall be determined at the absolute discretion of the RC, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success of and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.
- An award shall be vested in a participant for as long as he has fulfilled his performance target(s) and the vesting period (if any) has not expired and notwithstanding a transfer of his employment within any company in the Group or any apportionment of performance target(s) within any company in the Group.

Further details on the Share Plan can be found in the Company's circular dated 7 October 2014.

There were no awards of performance shares granted under the Share Plan since the commencement of the Share Plan to the end of the financial year under review.

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 management personnel during FY2017 is as follows:

Guideline
9.1

Guideline
9.2

Guideline
9.3

Corporate Governance Report

	Total Remuneration (S\$'000)	Salary %	Variable Bonus %	Directors' fee %	Total %
Directors					
Chan Heng Fai ⁽¹⁾	425	100	–	–	100
Chan Tung Moe	447	77	23	–	100
Tao Yeoh Chi ⁽²⁾	50	–	–	100	100
Wong Tat Keung ⁽³⁾	28	–	–	100	100
Chan King Fai ⁽⁴⁾	20	–	–	100	100
Wong Shui Yeung ⁽⁵⁾	17	–	–	100	100
Lam Lee G. ⁽⁶⁾	–	–	–	–	–
Basil Chan ⁽⁷⁾	23	–	–	100	100
Chan Yu Meng ⁽⁸⁾	16	–	–	100	100
Key Management Personnel					
Lui Wai Leung Alan	144	100	–	–	100
Ang Hay Kim	147	100	–	–	100
Lum Kan Fai	144	100	–	–	100
Wei Rongguo	155	100	–	–	100

Notes:

- (1) Chan Heng Fai was appointed as the Executive Chairman of the Company with effect from 5 June 2017.
- (2) Tao Yeoh Chi was appointed as the Lead Independent Director and ceased being the Chairman of the RC and a member of the ARMC and NC with effect from 5 June 2017. Tao Yeoh Chi was subsequently reappointed as a member of the Nominating Committee with effect from 1 March 2018.
- (3) Wong Tat Keung was appointed to the Board as an Independent Non-Executive Director and a member of the ARMC with effect from 27 January 2017. Wong Tat Keung was subsequently appointed as the Chairman of the NC and a member of the RC with effect from 4 June 2017.
- (4) Chan King Fai was appointed to the Board as an Independent Non-Executive Director and a member of the AMRC and NC with effect from 2 May 2017. Chan King Fai was subsequently appointed as a member of the RC with effect from 4 June 2017.
- (5) Wong Shui Yeung was appointed to the Board as an Independent Non-Executive Director and a Chairman of the ARMC and the RC with effect from 5 June 2017.
- (6) Lam Lee G. was appointed to the Board as a Non-Executive Director of the Company with effect from 28 November 2017. Upon his appointment, Dr Lam Lee G. also acted as the Vice-Chairman of the Company.
- (7) Basil Chan retired as an Independent Non-Executive Director of the Company with effect from 28 April 2017.
- (8) Chan Yu Meng retired as an Independent Non-Executive Director of the Company with effect from 28 April 2017.

The Group had four (4) key management personnel for FY2017. The aggregate amount of the total remuneration paid to the top four (4) key management personnel (who are not Directors or the CEO) was S\$590,000 in FY2017. Other than as disclosed, the Company has no other person having authority and responsibility for planning, directing and controlling the activities of the Company. Guideline 9.3

Mr Chan Tung Moe, an Executive Director of the Company during FY2017, is the son of Mr Chan Heng Fai, an Executive Director and the CEO of the Company. The details of Mr Chan Tung Moe's remuneration for FY2017 has been disclosed in the table above. Guideline 9.4

Mrs Mabel Chan Yoke Keow, the Executive Assistant to the CEO of the Company, is the spouse of Mr Chan Heng Fai, an Executive Director and the CEO of the Company. Mrs Mabel Chan Yoke Keow's remuneration for FY2017 was S\$42,000.

Save for the above, there are no other employees who are immediate family members of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2017.

Corporate Governance Report

There were no termination, retirement and post-employment benefits that were granted to the Directors, the CEO and the top five (5) key executives in FY2017. Guideline 9.1

The RC ensures that both the total remuneration as well as individual pay components, i.e. annual fixed cash, annual performance incentives and the long-term incentives, are market competitive and are performance-driven. Guideline 9.6

The annual fixed cash component comprises the annual basic salary plus fixed allowances which the Company benchmarks with the relevant industry market data, where available. The annual performance incentive variable bonus is tied to the performance of the Company, business unit and individual employee. Performance conditions to which entitlement to such annual and short-term incentives are subject include benchmarking performance to industry business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-a-vis industry performance.

For the financial year under review, the performance conditions for the short and long-term incentives were not triggered.

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. Guideline 10.1

The Board will ensure that adequate steps are taken to comply with legislative and regulatory requirements, including requirements under the Catalist Rules, by establishing written policies where appropriate. Guideline 10.2

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 year and full year financial results are available on request.

The 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. Guideline 10.3

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' interests and investments, and the Group's assets. The Board recognises 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 effectiveness of those systems on an annual basis. Guideline 11.1

Guideline 11.2

Corporate Governance Report

The Board reviewed the adequacy and effectiveness of the Group's internal controls and risk management framework and systems, conducted dialogue sessions with the Management to understand the process, and to identify, assess, manage and monitor risks within the Group. Guideline 11.2

The 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:

- assessment of the Group's key risks by major business units and risk categories;
- identification of specific "risk owners" who are responsible for the risks identified;
- 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;
- 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;
- status and changes in plans undertaken by the Management to manage key risks; and
- description of the risk monitoring and escalation processes and also systems in place.

The 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 and the Board oversees the Management in such design, implementation and monitoring. Guideline 11.1

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 FY2017. Guideline 11.2
Guideline 11.4

The Board's annual assessment, in particular, considered:

- 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;
- the scope and quality of the 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;
- the extent and frequency of the communication of the results of the monitoring to the ARMC; and
- the incidence of significant internal control weaknesses that were identified during the financial year.

The Board has also received assurance from the CEO and the CFO: Guideline 11.3

- 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
- 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 auditors and reviews performed by the 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 2017.

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. Guideline
11.3

PRINCIPLE 12: AUDIT & 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 the date of this Annual Report, the ARMC comprised of three (3) Independent Non-Executive Directors, namely, Mr Wong Shui Yeung (Chairman of the ARMC), Mr Wong Tat Keung and Mr Chan King Fai. Guideline
12.1

The members of the ARMC have broad accounting, risk management, financial and/or legal experience. The Board considers that the members of the ARMC are appropriately qualified, and have sufficient knowledge and experience in accounting, risk management and financial matters to discharge their responsibilities in the ARMC. Guideline
12.2

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 the Company, deems necessary and appropriate. For instance, the external auditors had briefed the ARMC on the changes or amendments to accounting standards. As each of the ARMC members are practising accountants, they are also kept abreast of changes to accounting standards and issues which have a direct impact on financial statements. Guideline
12.3

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: Guideline
12.1

terms of reference: Guideline
12.4

- establishing and reviewing the terms of reference for the ARMC annually; Guideline
12.8
- 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 as well as the internal audit plan and process;
- evaluating the independence and objectivity of the external auditors;
- 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 and effectiveness of the Group's 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;

Corporate Governance Report

- 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 judgments and estimates made by the 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 the Company and its minority 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. Guideline 12.3

The ARMC has met with the external auditors and internal auditors without the presence of the Management to review the adequacy of the audit arrangement. Guideline 12.5

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 the Company, deems necessary and appropriate. Guideline 12.3

The ARMC assesses the independence of the external auditors annually. No former partner or director of the Company's existing auditing firm has acted as a member of the ARMC. Guideline 12.6

Foo Kon Tan LLP replaced Ernst & Young LLP as the Company's Auditors with effect from 12 October 2017. Guideline 12.9

The aggregate amount of fees paid for the external auditors of the Group for FY2017 was S\$220,000 and no non-audit fees was paid to the Company's Auditors during FY2017. The ARMC has further recommended that Foo Kon Tan LLP be nominated for re-appointment as the Company's Auditors at the forthcoming Annual General Meeting.

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

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

The majority of the Directors sitting on the ARMC have the necessary accounting, risk management, financial and/or 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 FY2017, 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. Guideline 12.2

Corporate Governance Report

Whistle-blowing policy

The Company has put in place a whistle-blowing policy by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, and dishonest practices. The whistle-blowing policy is intended to conform to the guidance set out in the Code and aims to provide an avenue for staff of the Group and any other persons to raise concerns and offer reassurance that staff of the Group and any other persons making such reports will be treated fairly and protected from reprisals or victimisation for whistle-blowing in good faith within the limits of the law. Guideline
12.7

The ARMC exercises the overseeing functions over the administration of the whistle-blowing policy. All reports including unsigned reports, reports weak in details and verbal reports are considered. These reports are directed to the Chairman of the ARMC and the ARMC will be informed immediately of any whistle-blowing reports received. To ensure independent investigation into such matters and for appropriate follow up action, all whistle-blowing reports are reviewed by the ARMC. In the event that the whistle-blowing report is about a Director, that Director shall not be involved in the review and any decisions with respect to that whistle-blowing report. Periodic reports will be submitted by the ARMC to the Board stating the number and the complaints received, the results of the investigations, follow up actions and the unresolved complaints. Details of the whistle-blowing policy have also been made available to the staff of the Group.

There were no whistle-blowing reports received by the ARMC for FY2017.

PRINCIPLE 13: INTERNAL AUDIT

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

Following the retirement of BDO LLP, the Company did not have an internal audit function for FY2017 as the Company was in the midst of restructuring its management to establish an in-house internal audit function. Guideline
13.1

The Company also noted that there were no material internal audit findings provided by BDO LLP for FY2016. Considering the circumstances above, the adequacy of and the need for an internal audit function, the ARMC had approved the establishment of the in-house internal audit function for FY2018. Guideline
13.3

As at the date of this Annual Report, the Company has set up a dedicated internal audit function that is adequately resourced and independent of the activities it audits for the FY2018. The ARMC is satisfied that the internal audit function will be staffed by suitably qualified and experienced professionals with the relevant experience and professional qualification. The internal audit work carried out will be guided by the International Standards for the Professional Practice of Internal Auditing (“**IIA Standards**”) laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors. Guideline
13.4
Guideline
13.5

The internal audit plans will be 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 adequacy and effectiveness of the internal audit function annually and approves the appointment of the internal auditors. In particular, the ARMC will review the scope and results of the internal audit and ensure that the internal audit function is adequately resourced. Guideline
13.5

The internal auditor will have unfettered access to all the Group’s documents, records and personnel, including the ARMC. The internal audit 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. Guideline
13.1

Corporate Governance Report

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.

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. For FY2017, the Company engaged a dedicated external investor relations team, WeR1 Consultants Pte. Ltd., to promote communication with Shareholders. Guideline
15.1

The Company will not engage a dedicated external investor relations team for FY2018. Moving forward, the Board and the Chief Financial Officer shall be responsible for implementing the investor relations policy described below, which was devised by the Board.

Where required, the Executive Directors and the Chief Financial Officer will meet up with analysts and investors after the results are announced through the SGXNET system, to explain the financial performance, Group's strategy and major developments and to understand their views and concerns.

In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and the Companies Act, the Board's investor relations policy is that all Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group and in particular, changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares. Guideline
14.1

All announcements including the half year and full year financial results, distribution of notices, press releases, analyst briefings, presentations, announcements on acquisitions and other major developments are released via SGXNET and are also available on the Company's website at www.sed.com.sg. The Company does not practice selective disclosure and price sensitive information 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. Guideline
14.1
Guideline
15.2

The Board supports the Code's principle to encourage Shareholder participation at general meetings and to allow Shareholders the opportunity to communicate their views as well as raise any concerns they might have on various matters affecting the Company or the Group. Guideline
15.3

The Board encourages Shareholders to attend general meetings to ensure a greater level of Shareholders' participation and to meet with the Board and the Management so as to stay informed of the Group's developments. In order to provide ample notice to Shareholders, the notice of general meeting, together with the relevant Annual Report or circular is despatched to all Shareholders before the scheduled date of the general meeting. The notice of general meeting is also advertised in the newspaper and made available via SGXNET and on the Company's 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 Board Committee, the Management, as well as the Company's external auditors will be present at the general meetings to address Shareholders' queries. Guideline
14.2
Guideline
15.3
Guideline
16.3

Corporate Governance Report

Shareholders can vote in person or appoint not more than two proxies to attend and vote on their behalf at general meetings, unless they are relevant intermediaries (as defined in the Companies Act). Shareholders who are relevant intermediaries (as defined in the Companies Act) may appoint more than two proxies to speak, attend and vote at general meetings. The Company's Constitution has been amended on 6 April 2016 to facilitate, subject to such security measures as may be deemed necessary or expedient, voting in absentia, including but not limited to voting by mail, electronic email or facsimile.

Guideline
14.3

Guideline
16.1

The Company conducts poll voting in accordance with the Catalist Rules for all resolutions tabled at general meetings and the detail results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET and made available on the Company's website after the conclusion of the general meetings. The rules, including the voting process, are explained by the scrutineers at such general meetings. The Company relies on the advice of the independent scrutineers to determine the need for electronic voting, taking into consideration the logistics involved, costs, and number of shareholders, amongst other factors.

Guideline
14.2

Guideline
16.5

The Company practises having separate resolutions at general meetings on each substantially separate issue. "Bundling" of resolutions will be done only where resolutions are interdependent and linked so as to form one significant proposal.

Guideline
16.2

The Company will record minutes of all general meetings, which include comments or queries from Shareholders relating to the agenda of the general meeting and responses from the Board and the Management, and will make available minutes of general meetings to Shareholders upon request in accordance with applicable law.

Guideline
16.4

Under the Company's Constitution, Directors may in general, whenever they think fit, convene extraordinary general meetings. Under Section 176 of the Companies Act, however, directors must notwithstanding anything in a company's constitution, on the requisition of shareholders holding not less than 10% of the total paid-up capital of the company as at the date of the deposit of the requisition, immediately proceed to convene an extraordinary general meeting to be held as soon as practicable but in any case not later than two (2) months after receipt by the company of the requisition.

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.

Guideline
15.5

The Group did not declare any dividend in FY2017 in light of the Group's financial performance.

DEALING IN SECURITIES

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

The Company, and its Directors and 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 Directors and 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 (1) month before the announcement of half year or full year results and ending on the date of the announcement of such results. Directors and officers of the Company are also expected to observe insider trading laws at all times even when dealing with securities within permitted trading period.

Corporate Governance Report

MATERIAL CONTRACTS

On 26 January 2017, the Company announced the proposed conversion of a loan of a principal amount of US\$10,500,000 from Hengfai Business Development Pte. Ltd. (“**HBD**”) into new shares in the capital of the Company. Subject to Shareholder’s approval, the Company shall allot and issue 372,855,000 new shares (“**Conversion Shares**”) at an issue price of S\$0.040 for each Conversion Share to HBD and also issue five (5) free detachable warrants, each carrying the right to subscribe for one (1) new share at an exercise price of S\$0.048 for each exercised share (the “**2017 Warrants**”), on the basis of five (5) warrants for every one (1) conversion share to HBD (the “**Proposed Conversion**”).

On 22 March 2017, the Company announced that all resolutions relating to the Proposed Conversion were duly passed and approved by Shareholders at a general meeting of the Shareholders held on the same day. On 5 April 2017, the Company announced the completion of the Proposed Conversion following the allotment and issuance of 372,855,000 Conversion Shares and the issuance of 1,864,275,000 free detachable 2017 Warrants to HBD.

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 and CEO, any directors or controlling Shareholders which are either still subsisting as at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

AUDIT & RISK MANAGEMENT COMMITTEE’S COMMENTARY ON KEY AUDIT MATTERS

Carrying Value of Properties Under Development

As at 31 December 2017, the Group has three (3) property development projects and the carrying value of these property development projects is S\$69,624,000 which constitutes 85% of the Group’s total current assets as at 31 December 2017.

The Management’s estimation is required to assess the recoverability of the carrying value.

In order to satisfy that the carrying value of the properties under development is not materially misstated, the ARMC has obtained assurance from the Management that a detailed assessment has been undertaken using appropriate assumptions and estimates in deriving the budgeted total costs to completion and the estimated selling prices. The Management also confirmed to the ARMC that the valuation reports for these property development projects were prepared by independent appraisers.

In considering this matter, the ARMC has reviewed the budget and cashflow projections prepared by the Management. In addition, the ARMC has discussed with and sought concurrence from the external auditors on this matter. Taking into consideration the above assurance and confirmation obtained from the Management, valuation for these property development projects from independent appraisers and reviews performed by the external auditors on this matter, the ARMC concurs with the Management’s determination that the disclosure in the financial statements in respect of the carrying value of properties under development is appropriate.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the ARMC, and that these transactions are conducted on an arm’s length basis, on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Pursuant to Rule 907 of the Catalist Rules, the details of the interested person transactions entered into during FY2017 were as follows:

Corporate Governance Report

Interested person transaction	Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' mandated pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
US\$0.5 million convertible note received from Amaranthus BioScience Holdings, Inc.	Chan Heng Fai ⁽¹⁾	S\$700,850	–
Purchase of a subsidiary - Hengfai Asset Management Pte Ltd	Chan Heng Fai ⁽¹⁾	S\$300,000	–

Note:

(1) Chan Heng Fai is the Executive Chairman and Chief Executive Officer of the Company.

Mr Chan Heng Fai is a director and the sole shareholder of Amaranthus Bioscience Pte. Ltd. (“**ABPL**”). On 6 March 2017, ABPL has acquired 250,000 shares of Amaranthus’ Series F Preferred Stock, which represents 99.3% of the voting securities of Amaranthus BioScience Holdings, Inc. (“**Amaranthus**”). Accordingly, Amaranthus is an associate of Mr Chan Heng Fai. As announced by the Company on 27 February 2017, in consideration for restructuring services provided by the Company’s wholly-owned subsidiary, namely, BMI Capital Partners International Limited (“**BMI**”), Amaranthus had issued convertible note with an aggregate value of US\$500,000 to BMI.

Mr Chan Heng Fai had provided a personal guarantee for the short-term loan of A\$0.63 million from an Australian financial institution for the Mandurah development in Perth.

Mr Chan Heng Fai had provided a personal guarantee for the bonds issuing from SeD Home Ltd to investors up to US\$5 million.

No general mandate for IPT from the shareholders of the Company has been sought.

UPDATE ON USE OF PROCEEDS

Utilisation of net proceeds from the issuance of the US\$1.5 million Corporate Bonds

The net proceeds from the issuance of the US\$1.5 million corporate bonds announced by the Company on 11 November 2016 of approximately US\$1.3 million of the net proceeds have been partially utilised to fund the Black Oak Project in the USA. Accordingly, as at the date of this Corporate Governance Report, the utilisation of net proceeds is set out below:

Corporate Governance Report

Use of net proceeds	Percentage allocation (%)	Utilised (US\$'000)	Unutilised (US\$'000)
Black Oak Project in the USA	100	1,229	107
Total	100	1,229	107

NON-SPONSOR FEES

During FY2017, there was no non-sponsor fees paid to the Company's sponsor, Hong Leong Finance Limited.

The following is a summary of disclosures made in response to the express disclosure requirements in the Corporate Governance Disclosure Guide issued by the Singapore Exchange on 29 January 2015:

Guideline	Questions	Page reference in the Annual Report
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	11
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	13
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	13
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	13
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	15
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	13
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	13
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	17
	(b) If a maximum number has not been determined, what are the reasons?	17
	(c) What are the specific considerations in deciding on the capacity of directors?	17
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	19
	(b) Has the Board met its performance objectives?	20
Independence of Directors		

Corporate Governance Report

Guideline	Questions	Page reference in the Annual Report
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	13
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	13
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	13
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	14
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	27
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	27
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	27
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	27
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	28
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	28
	(c) Were all of these performance conditions met? If not, what were the reasons?	28
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	20

Corporate Governance Report

Guideline	Questions	Page reference in the Annual Report
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	32
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	30
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	29
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	31
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	31
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	33
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	33
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	33
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	34

Directors' Statement

For the financial year ended 31 December 2017

We are pleased to submit this statement to the members of the Company together with the audited consolidated financial statements of Singapore eDevelopment Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2017.

In our opinion,

- (a) the accompanying financial statements of the Group and 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 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Chan Heng Fai (Executive Chairman and Chief Executive Officer)
Lam Lee G. (appointed on 28 November 2017 as Non-Executive Vice Chairman)
Chan Tung Moe (Executive Director)
Tao Yeoh Chi (Independent Non-Executive Director)
Wong Tat Keung (appointed on 27 January 2017 as Independent Non-Executive Director)
Chan King Fai (appointed on 2 May 2017 as Independent Non-Executive Director)
Wong Shui Yeung (appointed on 5 Jun 2017 as Independent Non-Executive Director)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body, other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Directors' Statement

For the financial year ended 31 December 2017

Directors' interest in shares or debentures (Cont'd)

	Direct interest			Deemed interest		
	As at 1.1.2017	As at 31.12.2017	As at 21.1.2018	As at 1.1.2017	As at 31.12.2017	As at 21.1.2018
<u>The Company</u>						
<u>Ordinary shares</u>						
Chan Heng Fai	62,333,333	625,000	625,000	261,906,163	756,506,394	756,506,394
<u>2016 Warrants</u>						
Chan Heng Fai	34,916,665	-	-	514,894,815	359,834,471	359,834,471
<u>2017 Warrants</u>						
Chan Heng Fai	-	-	-	-	1,864,275,000	1,864,275,000
<u>Option to purchase shares in the company.*</u>						
Chan Heng Fai	-	25,941,000	25,941,100	-	-	-
Share option of the Company In relation to the Singapore eDevelopment Share <u>Option Scheme</u>						
Chan Heng Fai	1,061,333	1,061,333	1,061,333	-	-	-
Basil Chan	796,000	-	-	-	-	-
Chan Yu Meng	530,667	-	-	-	-	-
Tao Yeoh Chi	530,667	530,667	530,667	-	-	-

* An option to purchase 25,941,100 shares subject to the terms and conditions as set out in a Stock Option Agreement dated 20 January 2017 entered into between Mr Chan Heng Fai and Mr Toh Soon Huat.

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

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

Except as disclosed in this statement, no directors who held office at the end of the financial year had an interest in the shares, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Share options

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

Directors' Statement

For the financial year ended 31 December 2017

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

Wong Shui Yeung (Chairman)
Wong Tat Keung (Member)
Chan King Fai (Member)

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

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the Option Scheme as at 31 December 2017 are as follows:

Grant date	Exercise price \$	Share Options outstanding as at 1 January 2017	Share options granted	Share options forfeited	Share Options outstanding as at 31 December 2017	Expiry date
31 December 2013	0.12	1,061,334	–	(530,667)	530,667	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
		<u>2,918,667</u>	–	<u>(1,326,667)</u>	<u>1,592,000</u>	

Details of the share 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	Share options granted during financial year	Aggregate share options granted since commencement of plan to end of financial year	Aggregate share options forfeited	Aggregate share options outstanding as at the 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)	–
Tao Yeoh Chi	–	530,667	–	530,667
Total	–	<u>2,918,667</u>	<u>(1,326,667)</u>	<u>1,592,000</u>

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

- No participant has received 5% or more of the total share options available under the Option Scheme
- No share options that entitled the holder to participate, by virtue of the share options, in any share issue of any other corporation have been granted
- No share options have been exercised
- 1,592,000 share options were granted at a discount up to 50% of the marker price.

Directors' Statement

For the financial year ended 31 December 2017

Audit and Risk Committee

The Audit and Risk Committee ("AC") comprises three non-executive directors who are also independent directors. The Chairman of the AC is Mr. Wong Shui Yeung, and the members of the AC are Mr Wong Tat Keung and Mr Chan King Fai.

The AC carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50. In performing those functions, the AC:

- (a) Reviews with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the external auditors and the scope and results of the internal audit procedures;
- (b) Reviews with the internal auditors the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;
- (c) Reviews effectiveness of the Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management systems via reviews carried out by the internal auditors;
- (d) Reviews the annual consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and any other relevant statutory or regulatory requirements;
- (e) Reviews the internal control procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- (f) Reviews and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (g) Considers the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- (h) Reviews interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- (i) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (j) Generally undertakes such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time; and
- (k) Reviews the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET.

The AC has recommended to the directors the nomination of Foo Kon Tan LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

There is no non-audit services provided by the external auditors to the Group for the financial year ended 31 December 2017. The AC has also conducted a review of interested person transactions.

Directors' Statement

For the financial year ended 31 December 2017

Audit and Risk Committee (Cont'd)

Following the retirement of BDO LLP as an internal auditor in 2017, the Company is in the midst of restructuring its in-house internal audit function. The Company also noted that there was no material internal audit findings for FY2016.

Based on the internal controls established and maintained by the Group and reviews performed by management, various Board Committees and the Board, in concurrence with the AC, is of the view that the Group's internal controls addressing financial, operational, compliance, controls and information technology risks, and risk management systems were adequate as at 31 December 2017.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

In appointing our external auditors for the Company, its subsidiaries and significant associated companies, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Independent auditor

Foo Kon Tan LLP was appointed as auditor of the Company until the conclusion of the Annual General Meeting of the Company through an extraordinary general meeting held on 12 October 2017.

The independent auditor, Foo Kon Tan LLP, Public Accountant and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
CHAN HENG FAI

.....
WONG SHUI YEUNG

9 April 2018

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore eDevelopment Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Lower of cost and net realisable value of properties under development

Risk:

As of 31 December 2017, properties under development amounted to S\$69.6 million for the Group. Properties under development constituted approximately 84.4% of the total assets of the Group and thus considered significant. Moreover, the determination of the net realisable value of these properties under development requires management to make various assumptions and estimates in deriving the budgeted costs to completion, including selling costs and the estimated selling prices and demand.

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 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.

Our response:

We have performed the following audit procedures for the valuation of properties under development:

- (a) Obtained the project budgets approved by the Board of Directors and evaluated management's assumptions used in deriving the estimated selling prices, budgeted development and selling costs for the development projects;
- (b) Assessed the reasonableness of the estimation of the costs to complete the properties under development, taking into account the stage of project and incremental work to be carried out;
- (c) Evaluated management's revenue assumptions by comparing them to external data extracted from valuation reports and other agreements with customers;
- (d) Performed sensitivity analysis of the significant assumption used by management in deriving the net realisable values;
- (e) Discussed with management to ascertain whether there are any major delays and cost overruns which may result in profitable contracts becoming loss making;
- (f) For the estimated costs, we have performed inquiries with the project managers and compared the cost estimates to suppliers' quotation;
- (g) We have evaluated the competency, capabilities and objectivity of the external valuer and assessed the appropriateness of the external valuer's work; and
- (h) Evaluated the adequacy of the disclosures and presentation related to the properties under development in the financial statements.

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's or the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The financial statements for the year ended 31 December 2016 were audited by another firm of auditors whose report dated 31 March 2017 expressed an unmodified opinion on those financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
9 April 2018

Statements of Financial Position

as at 31 December 2017

	Note	The Group		The Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	154	197	14	23
Other Investment	5	490	–	–	–
Investment in subsidiaries	6	–	–	–	98
		644	197	14	121
Current Assets					
Trade and other receivables	7	1,584	314	59,613	48,891
Prepaid operating expenses		170	193	40	32
Properties under development	8	69,624	71,098	–	–
Properties for sale	9	182	2,002	–	–
Investment securities	10	4,995	311	21	21
Derivative assets	11	–	785	–	–
Bank deposits pledged	12	3,528	3,816	–	–
Cash and cash equivalents	12	1,708	3,885	408	1,377
Inventory		85	–	–	–
		81,876	82,404	60,082	50,321
Total Assets		82,520	82,601	60,096	50,442
EQUITY					
Share capital	13	102,425	81,286	102,425	81,286
Capital reserve	13(a)	1,788	500	–	–
Merger reserve	13(b)	1,480	–	–	–
Employee share option reserve	13(c)	259	420	259	420
Foreign currency translation reserve	13(d)	(46)	(136)	–	–
Accumulated losses		(62,628)	(56,069)	(54,570)	(48,249)
Equity attributable to owners of the Company		43,278	26,001	48,114	33,457
Non-controlling interests		2,108	3,482	–	–
Total Equity		45,386	29,483	48,114	33,457
Non-Current Liabilities					
Loans and borrowings	14	1,884	1,968	–	–
Current Liabilities					
Trade and other payables	15	24,145	15,338	11,982	1,783
Income tax payable		–	809	–	–
Loans and borrowings	14	11,105	35,003	–	15,202
		35,250	51,150	11,982	16,985
Total Liabilities		37,134	53,118	11,982	16,985
Total Equity and Liabilities		82,520	82,601	60,096	50,442

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2017

	Note	Year ended 31 December 2017 \$'000	Year ended 31 December 2016 \$'000
Continuing operations			
Revenue	3	15,008	1,703
Cost of sales		(12,351)	(1,480)
Gross profit		2,657	223
Other operating income	16	4,283	1,319
Finance income	17	39	45
Marketing expenses		(561)	102
Research and development		(715)	(534)
Administrative expenses		(8,185)	(5,978)
Finance costs	18	(165)	(56)
Other operating expenses	19	(4,552)	(2,362)
Share of associate's results (net of tax)		-	90
Loss before taxation from continuing operations	20	(7,199)	(7,151)
Income tax	23	809	(809)
Loss from continuing operations, net of tax		(6,390)	(7,960)
Discontinued operation			
Profit from discontinued operation, net of tax	24	-	812
Loss for the year		(6,390)	(7,148)
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(152)	16
Other comprehensive loss for the year, net of tax		(152)	16
Total comprehensive loss for the year		(6,542)	(7,132)
Loss attributable to:			
Owners of the Company		(5,287)	(7,182)
Non-controlling interests		(1,255)	50
Total comprehensive loss for the year		(6,542)	(7,132)
Loss attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax comprising:			
- Loss from continuing operations		(5,377)	(7,927)
- Other comprehensive loss		90	(67)
		(5,287)	(7,994)
Total comprehensive loss from discontinued operation, net of tax		-	812
Total comprehensive loss for the year attributable to owners of the Company		(5,287)	(7,182)
Non-controlling interests			
Total comprehensive loss from continuing operations, net of tax comprising:			
- Loss from continuing operations		(1,013)	(33)
- Other comprehensive loss		(242)	83
Total comprehensive loss for the year attributable to non-controlling interests		(1,255)	50
Loss attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(5,377)	(7,927)
Profit from discontinued operation, net of tax		-	812
Loss for the year attributable to owners of the Company		(5,377)	(7,115)
Non-controlling interests			
Loss from continuing operations, net of tax		(1,013)	(33)
Loss for the year attributable to non-controlling interests		(1,013)	(33)
(Loss) per share from continuing operations attributable to owners of the Company (cents per share)			
- Basic and diluted	25	(0.6)	(2.0)
(Loss) per share (cents per share)			
- Basic and diluted	25	(0.6)	(1.8)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

	← Attributable to equity holders of the Company →						Equity attributable to owners of the Company, total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000			
The Group									
At 1 January 2017	81,286	500	-	420	(136)	(56,069)	26,001	3,482	29,483
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(5,377)	(5,377)	(1,013)	(6,390)
Other comprehensive income									
Foreign currency translation, net of tax	-	-	-	-	90	-	90	(242)	(152)
Total comprehensive income for the year	-	-	-	-	90	(5,377)	(5,287)	(1,255)	(6,542)
Transactions with owners, recognised directly in equity Contributions by and distributions to owners									
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	6,350	-	-	-	-	-	6,350	-	6,350
Issuance of new ordinary shares pursuant to conversion of Heng Fai Business Development Pte Ltd ("HBD") loan	14,914	-	-	-	-	-	14,914	-	14,914
Share issuance expense	(125)	-	-	-	-	-	(125)	-	(125)
Deemed capital contribution arising from interest free loan	-	1,288	-	-	-	-	1,288	-	1,288
Acquisition of a subsidiary under common control	-	-	1,480	-	-	(1,331)	149	-	149
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	(131)	(131)
Acquisition of a subsidiary without change in control	-	-	-	-	-	(12)	(12)	12	-
Forfeiture of equity-settled share options to employees	-	-	-	(161)	-	161	-	-	-
Total contributions by and distributions to owners and total transactions with owners	21,139	1,288	1,480	(161)	90	(1,182)	22,564	(119)	22,445
At 31 December 2017	102,425	1,788	1,480	259	(46)	(62,628)	43,278	2,108	45,386

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

	← Attributable to equity holders of the Company →					Equity attributable to owners of the Company, total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000			
The Group								
At 1 January 2016	68,521	500	549	(69)	(49,083)	20,418	3,432	23,850
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(7,115)	(7,115)	(33)	(7,148)
Other comprehensive income								
Foreign currency translation, net of tax	-	-	-	(67)	-	(67)	83	16
Total comprehensive income for the year	-	-	-	(67)	(7,115)	(7,182)	50	(7,132)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	6,103	-	-	-	-	6,103	-	6,103
Issuance of new ordinary shares pursuant to private placement	7,020	-	-	-	-	7,020	-	7,020
Share issuance expense	(358)	-	-	-	-	(358)	-	(358)
Forfeiture of equity-settled share options to employees	-	-	(129)	-	129	-	-	-
Total contributions by and distributions to owners and total transactions with owners	12,765	-	(129)	-	129	12,765	-	12,765
At 31 December 2016	81,286	500	420	(136)	(56,069)	26,001	3,482	29,483

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	Year ended 31 December 2017 \$'000	Year ended 31 December 2016 \$'000
Cash Flows from Operating Activities			
Loss before taxation from continuing operations		(7,199)	(7,151)
Profit before taxation from discontinued operations		-	812
Loss before taxation		(7,199)	(6,339)
Adjustments for:			
Depreciation of property, plant and equipment	4	68	123
Loss on disposal of property, plant and equipment	20	-	76
Impairment loss on property, plant and equipment	4	-	64
Write-down of properties held for sale	9	-	40
(Reversal)/Write-down of properties under development	8	(218)	642
Loss on early redemption of exchangeable notes	11	-	391
Withholding tax expense	19	625	1,095
Acquisition cost	6	-	98
Write-back of claims		-	(812)
Net fair value gain on derivative liability	11	-	(465)
Net fair value gains on derivative assets	11	-	(39)
Net fair value (gain) / losses on investment securities	16	(3,901)	15
Gain on disposal of an associate	16	-	(66)
Unrealised exchange loss / (gain)		3,771	(825)
Finance income	17	(39)	(45)
Finance costs	18	165	56
Goodwill written off	6(d)	147	-
Share of profit from an associate		-	(90)
Operating results before working capital changes		(6,581)	(6,081)
Change in trade and other receivables		(1,566)	(3)
Change in prepaid operating expenses		42	(49)
Change in inventory		(35)	-
Change in properties under development		(358)	(15,215)
Change in properties held for sales		1,772	(141)
Changes in investment properties		-	(305)
Change in derivative assets		-	(22)
Change in trade and other payables		(1,692)	(1,527)
Cash used in operations		(8,418)	(23,343)
Interest received		39	45
Interest paid		(1,530)	(1,535)
Net cash used in operating activities		(9,909)	(24,833)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	4	(36)	(105)
Increase in other investment		(490)	-
Investment in an associate		-	(415)
Proceeds from disposal of property, plant and equipment		-	7
Proceeds from disposal of an associate		-	875
Investment in marketable securities		(188)	-
Net cash inflow on acquisition of a subsidiary under common control	6(e)	115	-
Net cash inflow on acquisition of a subsidiary	6(d)	2	-
Net cash generated (used in)/from investing activities		(597)	362
Cash Flows from Financing Activities			
Proceeds from loans and borrowings (Note A)		864	14,358
Proceeds from issuance of bonds		-	2,173
Proceeds from issuance of ordinary shares	13	6,350	13,123
Share issuance expense	13	(125)	(358)
Bond issuance expense		-	(205)
Repayment of issuance of profit participation bond		-	(2,786)
Repayment of exchangeable notes		-	(5,000)
Advances from director		9,845	-
Repayment of loans and borrowings (Note A)		(8,449)	-
Decrease in bank deposits pledged		288	-
Net cash generated from financing activities		8,773	21,305
Net changes in cash and cash equivalents		(1,733)	(3,166)
Effect of exchange rate changes on cash and cash equivalents		(444)	(72)
Cash and cash equivalents at beginning of year		3,885	7,123
Cash and cash equivalents at end of year	12	1,708	3,885

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

Reconciliation of liabilities arising from financing activities, excluding equity items

Note A:

	01-Jan-17 S\$'000	Cash flows – Proceeds from loans S\$'000	Cash flows – Repayment of loans S\$'000	Non-Cash change			31-Dec-17 S\$'000
				Shareholder loan converted into shares S\$'000	Amortisation of transaction costs S\$'000	Foreign exchange movement S\$'000	
Loans and Borrowings*	35,003*	864	(8,449)	(14,914)*	318	(1,717)	11,105
Corporate Bond	1,968	–	–	–	66	(150)	1,884
Total	36,971	864	(8,449)	(14,914)	384	(1,867)	12,989

* Include interest-free USD loan of USD\$10.5 million (equivalent to \$14,914,000) (Note 14).

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General Information

The financial statements of the Company and of the Group for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

The registered office and principal place of business of the Company is located at 7 Temasek Boulevard #29-01B, Suntec Tower One, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

2(a) Going concern

The financial statements of the Group has been prepared on a going concern basis notwithstanding that the Group has incurred a loss of \$6,390,000 (2016: \$7,148,000), total comprehensive loss of \$6,542,000 (2016: \$7,132,000) and has negative operating cashflows of \$9,909,000 (2016: \$24,833,000) for the financial year ended 31 December 2017. As at 31 December 2017, the Group's net equity was \$45,386,000 (2016: \$29,483,000) and its current assets also exceeded its current liabilities by \$46,626,000 (2016: \$31,254,000).

The directors are of the view that it is appropriate to prepare the Group's financial statements on a going concern basis since the directors had considered the Group's cashflows and funding needs for the next 12 months to meet its financial obligation as and when they fall due. In the budgeting for the Group's cashflows and funding requirements, the directors had also considered that the Group had entered into agreements with Home Builders for its land subdivision development, the securing of an agreement with an external unrelated purchaser in respect of the sale of its multi-family residential dwelling units, as well as the proceeds arising from the sale of biomedical products. Furthermore, the Group had not defaulted any principal and interest repayment on its loans and borrowings and had fully repaid its fixed rate USD loans of US\$6 million during the year. Included in trade and other payables is a non-trade advance from a director amounting to S\$9.9 million in which the Group had obtained a letter of financial support from the director who would not demand repayment within the next 12 months from the balance sheet date.

Accordingly, the directors of the Company believed that the use of going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2017 is appropriate.

2(b) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, rounded to the nearest thousand (\$'000), unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(b) Basis of preparation (Cont'd)

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

(i) Significant judgements in applying accounting policies

(a) Impairment of trade and other receivables (Note 7)

Management reviews its receivables annually for objective evidence of impairment. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the debtor's ability to pay, or whether there have been significant changes with an adverse effect in the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experienced for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced.

If the present value of estimated future cash flows decreased by 1% from management's estimates, the Group's allowance for impairment would increase by \$12,000 (2016: \$2,000). The Group's carrying amount of trade and other receivables (excluding refundable deposits) at the reporting date amounted to \$1,236,000 (2016: \$186,000).

The carrying amount of trade and other receivables as at the reporting date for the Group and the Company are disclosed in Note 7.

(b) Income taxes (Note 23)

Significant judgement is involved in determining the group-wide provision for income taxes mainly in Singapore and United States of America. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Carrying amount of properties under development (Note 8)

Significant judgement is required in assessing the recoverability of the carrying value of properties under development. The determination of the net realisable value of these properties under development required management to make various assumptions and estimates in deriving the budgeted cost to complete and the estimated cost to sell, and estimated selling prices. Net realisable value in respect of properties under development is assessed with reference to market price less estimated costs of completion and estimated cost to make the sale.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(c) Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which is relevant to the Group:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	Statement of Cash Flows	1 January 2017

The adoption of the above new or amended FRS did not result in substantial changes to the accounting policy of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years. As this is a disclosure standard, it does not have any impact to the financial position and performance of the Group.

2(d) FRS not yet effective

Convergence with International Financial Reporting Standards (IFRS)

On 29 December 2017, Accounting Standards Council Singapore issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Group has not early applied the following new or amended standards in preparing these statements. For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	Description	Effective date (Annual periods beginning on)
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases	1 January 2019

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(d) FRS not yet effective (Cont'd)

SFRS(I) 9 Financial Instruments

SFRS(I) 9 Financial Instruments replaces FRS 39 and it is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

- Classification and measurement;
- A single, forward - looking “expected loss” impairment model and
- Substantially reformed approach to hedge accounting

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. During 2017, the Group completed its initial assessment of the impact on the Group’s financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9. For financial assets correctly held at fair value, the Group expects to continue measuring most of these assets at fair value under SFRS(I) 9. The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of SFRS(I) 9, the Group does not expect a significant increase in the impairment loss allowance.

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model or a significant increase in the impairment loss allowance.

The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(d) FRS not yet effective (Cont'd)

SFRS(I) 15 Revenue from Contracts with Customers (Cont'd)

When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The amendments have the same effective date as the Standard, SFRS(I) 15, i.e. on 1 January 2018.

During 2017, the Group completed its initial assessment of the impact on the Group's financial statements.

Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its revenue from the sales of properties, sales of biomedical products and management services.

SFRS(I) 16 Leases

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases - Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

The Group has operating leases relating to office premises.

Based on the Group's preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

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.

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 and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiary

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. Thus, the Group controls an investee if and only if the Group has all of the following:

- (i) power over the investee;
- (ii) exposure, or rights or variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Non-controlling interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Changes in ownership interests in subsidiaries with change of control

When the Group loses control of a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that 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; and
- Recognises any gain or loss in profit or loss.
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and
- (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39 or when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Common control business combination outside the scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Accordingly, the assets and liabilities of these entities have been accounted for at historical amounts in the consolidated financial statements.

In applying pooling-of-interest accounting, financial statements items of the combining entities or businesses of the reporting period in which the common control combination occurs are included in the consolidated financial statements of the combined entities as if the combination had taken place at the beginning of the earliest comparative period presented and for this purpose, no restatement is made to the comparative information.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Common control business combination outside the scope of FRS 103 (Cont'd)

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities of businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over consideration transferred at the time of the common control combination.

The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less any impairment losses on an individual subsidiary basis.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Office and computer equipment	3 - 5 years
Furniture and fittings	3 - 5 years
Motor vehicles	10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready to use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at end of each reporting period as a change in estimates.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

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 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.

Properties for sale

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

Properties 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 for sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity assets, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting period with the exception that a financial asset shall not be reclassified into or out of fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

At the reporting date, the Group does not hold any held-to-maturity investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets.

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less allowance for impairment.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

Loans and receivables comprise cash and cash equivalents and trade and other receivables (excluding prepaid operating expenses).

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and short-term deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are shown net of bank deposits pledged.

Share capital and share issuance expenses

Ordinary shares are classified as equity.

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 2017

2(e) Summary of significant accounting policies (Cont'd)

Financial liabilities

The Group's financial liabilities include trade and other payables and loans and borrowings.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowing costs

Borrowing costs incurred to finance the development of properties are capitalised for the period of time that is required to complete and prepare the asset for its intended use. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

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.

Financial guarantees

The Company has provided guarantees in respect of corporate bonds issued by a subsidiary to external parties. These guarantees are financial guarantees as they require the Company to reimburse the parties if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Leases

Where the Group is the lessee,

Operating leases are office premises' leases where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to profit or loss on a straight-line basis over the term of the leases. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset.

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

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

- Where the deferred tax 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 the accounting profit nor taxable profit or loss.
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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 balance sheet date.

Current and deferred income tax are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution national pension is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

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.

The employee share option reserve is transferred to retained earnings upon expiry or forfeiture of the share option.

Key management personnel

Key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain executive officers are considered key management personnel.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets

The carry amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or whose not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognized for cash generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense in the profit or loss, a reversal of that impairment loss is recognized as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognized in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses for each statement presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Revenue recognition

Sale of properties under development

Revenue from sales of properties is recognised upon the transfer of significant risk and rewards of the ownership of the properties to the buyer, which usually coincides with the transfer of the title deed. Revenue is not recognised to the extent when there are significant uncertainties regarding receiving of the consideration due or associated costs.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2(e) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Sale of biomedical products

Revenue from the sales of biomedical products is recognised when the goods are delivered and accepted by the customers.

Rendering of services

Revenue from the rendering of services, including management fees is recognised over the period in which the services are rendered, by reference to completion of the specific service.

Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised on an accrual basis based on the effective interest method.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and warrants.

Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3 Revenue

Revenue mainly relates to the sale of properties and sale of biomedical health products and supplements.

	2017	2016
	\$'000	\$'000
The Group		
Sales of properties	10,006	1,423
Sales of biomedical products	4,111	–
Management fees	891	280
	15,008	1,703

Notes to the Financial Statements

For the financial year ended 31 December 2017

4 Property, plant and equipment

The Group	Motor vehicles \$'000	Furniture and fittings \$'000	Office and computer equipment \$'000	Total \$'000
Cost				
At 1 January 2016	138	66	236	440
Additions	–	79	26	105
Disposals	–	(93)	(27)	(120)
Reclassification	–	(11)	11	–
Exchange difference on retranslation	3	(1)	2	4
At 31 December 2016	141	40	248	429
Additions	–	7	29	36
Acquisition under common control during the year (Note 6)	–	–	2	2
Exchange difference on retranslation	(12)	(1)	(5)	(18)
At 31 December 2017	129	46	274	449
Accumulated depreciation and impairment				
At 1 January 2016	4	24	54	82
Depreciation for the year	13	35	75	123
Impairment loss	–	8	56	64
Disposals	–	(23)	(14)	(37)
Reclassification	–	(11)	11	–
Exchange difference on retranslation	–	(2)	2	–
At 31 December 2016	17	31	184	232
Depreciation for the year	13	10	45	68
Exchange difference on retranslation	(2)	–	(3)	(5)
At 31 December 2017	28	41	226	295
Net book value				
At 31 December 2017	101	5	48	154
At 31 December 2016	124	9	64	197

Notes to the Financial Statements

For the financial year ended 31 December 2017

4 Property, plant and equipment (Cont'd)

The Company	Furniture and fittings \$'000	Office and computer equipment \$'000	Total \$'000
Cost			
At 1 January 2016	–	26	26
Additions	29	19	48
At 31 December 2016	29	45	74
Additions	3	9	12
At 31 December 2017	32	54	86
Accumulated depreciation			
At 1 January 2016	–	6	6
Depreciation for the year	21	24	45
At 31 December 2016	21	30	51
Depreciation for the year	9	12	21
At 31 December 2017	30	42	72
Net book value			
At 31 December 2017	2	12	14
At 31 December 2016	8	15	23

5 Other Investment

The Group	2017 \$'000	2016 \$'000
Available-for-sale financial assets (unquoted) (Note 32)	490	–

Available-for-sale financial assets mainly relate to the investment in an unquoted fund entity. The fund mainly invests in quoted equity securities.

6 Investment in subsidiaries

The Company	2017 \$'000	2016 \$'000
Unquoted equity shares, at cost	6,331	5,776
Allowance for impairment losses	(6,331)	(5,678)
	–	98
Movement in allowance accounts:		
At 1 January	5,678	5,456
Charge during the year	653	222
At 31 December	6,331	5,678

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

Impairment of subsidiary

As at 31 December 2017, management had performed an impairment test for the investment in HotApp Blockchain Inc., as this subsidiary was loss making. Management had previously made an impairment allowance of S\$5.7 million as of 31 December 2016 and there was no realistic prospect of recovery of the investment since the subsidiary continued to be loss making in the current financial year. Management had determined the recoverable amount of the subsidiary based on fair value less cost to sell, using net assets of the subsidiary since its financials are mainly made up of current assets and current liabilities with a short term to maturity and approximated fair value at year end. Management then compared the net assets of the subsidiary with the carrying value of the investment at year end. Accordingly, an additional impairment allowance of \$653,000 (2016: \$222,000) was made during the year for its investment in HotApp Blockchain Inc.

a. The investments in subsidiaries held by the Company at 31 December 2017 and 2016 are as follows:

Name	Country of incorporation/ principal place of business	Ownership interest		Principal activities
		2017 %	2016 %	
Singapore Construction & Development Pte Ltd. ⁱ	Singapore	100	100	Property development
Art eStudio Pte. Ltd. ⁱ	Singapore	51	51	Dormant
Singapore Construction Pte. Ltd. ⁱ	Singapore	100	100	Dormant
Singapore BioMedical Pte. Ltd. ⁱ	Singapore	**100	–	Investment holding
SeD BioLife International Inc ^{iv}	United States of America	**100	–	Investment holding
SeD BioMedical International Inc ^{iv}	United States of America	**100	–	Investment holding
Global BioMedical Inc ^{iv}	United States of America	**90.91	–	Investment holding
Global BioLife Inc ^{iv}	United States of America	**63.64	–	Biomedical science
SingLife Regenerate Pte. Ltd. ⁱ	Singapore	**100	–	Investment holding
Health Wealth Happiness Pte. Ltd. ⁱ (f.k.a. SeD Global Investment Pte. Ltd.)	Singapore	100	100	Dormant
iGalen International Inc ^{vi}	United States of America	***53	–	Investment holding
iGalen USA LLC ^{iv, vii}	United States of America	***53	–	Biomedical science

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Ownership interest		Principal activities
		2017 %	2016 %	
SeD Capital Pte. Ltd. ⁱ	Singapore	100	100	Investment holding
SeD BioMedical International Pte. Ltd. ⁱ	Singapore	100	100	Investment holding
SeD BioMedical Inc. ^{iv}	United States of America	80	80	Biomedical science
SeD BioMedical Pte. Ltd. ⁱ	Singapore	80	80	Biomedical science
SeD BioMedical Limited ⁱⁱⁱ	Hong Kong	80	80	Biomedical science
SeD BioMedical Sdn Bhd ^{vi}	Malaysia	80	80	Biomedical science
HengFai Asset Management Pte. Ltd. ⁱ	Singapore	***100	–	Portfolio Management
SeD Home Limited ⁱⁱⁱ	Hong Kong	100	100	Property development
Global Lite Food Pte. Ltd. ⁱ	Singapore	**100	–	Investment holding
BMI Asset Management Pte. Ltd. (f.k.a SeD Global Management Pte. Ltd.) ⁱ	Singapore	**100	–	Investment holding
SeD Medical Solution Pte. Ltd. ⁱ	Singapore	**100	–	Investment holding
SeD Health Solution Pte. Ltd. ⁱ	Singapore	**100	–	Investment holding
Global Techfund of Fund Pte. Ltd. ⁱ	Singapore	100	100	Dormant
CloudTV Pte. Ltd. ⁱ	Singapore	100	100	Dormant
BMI Capital Partners International Limited ^{iii, vii}	Hong Kong	100	100	Investment holding and consulting services
SeD Perth Pty Ltd ^{iv, vii}	Australia	100	100	Property development
SeD Home International, Inc. ⁱⁱ	United States of America	100	100	Property development
SeD Intelligent Home Inc ^{ii, vii} (f.k.a. HomeOwn USA, Inc.)	United States of America	99.99	99.96	Investment holding

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Ownership interest		Principal activities
		2017 %	2016 %	
SeD Home, Inc. ^{ii, vii}	United States of America	*99.99	100	Property development
SeD USA, LLC ^{ii, vii}	United States of America	99.99	100	Property development
150 Black Oak GP, Inc ^{ii, vii}	United States of America	#99.99	50	Property development
SeD Development USA, Inc. ^{ii, vii}	United States of America	99.99	100	Property development
150 CCM Black Oak Ltd ^{ii, vii}	United States of America	€69	€69	Property development
SeD Texas Home, LLC ^{ii, vii}	United States of America	99.99	100	Property development
SeD Ballenger, LLC ^{ii, vii}	United States of America	99.99	100	Property development
SeD Maryland Development, LLC ^{ii, vii}	United States of America	83.54	83.55	Property development
SeD Development Management, LLC ^{ii, vii}	United States of America	84.99	85	Property development
SeD Builder, LLC ^{ii, vii}	United States of America	99.99	100	Property development
HotApp Blockchain, Inc. ⁱⁱ	United States of America	99.98	98.17	Investment holding
HotApps International Pte. Ltd. ⁱ	Singapore	99.98	98.17	Dormant
HotApps Call Pte. Ltd. ⁱ	Singapore	99.98	98.17	Dormant
Guangzhou HotApps Technology Ltd ^v	People's Republic of China	99.98	98.17	Sale, marketing and support services of mobile application

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Ownership interest		Principal activities
		2017 %	2016 %	
HotApp International Limited ⁱⁱⁱ	Hong Kong	99.98	98.17	Sale and marketing of mobile application
HWH International Inc ^{iv}	United States of America	**100	–	Dormant
Health, Wealth & Happiness Inc ^{iv}	United States of America	**100	–	Dormant
HWH Multi-Strategy Investment Inc ^{iv}	United States of America	**100	–	Dormant

i Audited by Foo Kon Tan LLP, a principal member of HLB International

ii Audited by Rosenberg Rich Baker Berman & Company

iii Audited by Dominic K.F.Chan & Co

iv Not required to be audited in accordance with the law of the country of incorporation

v Audited by Guangzhou ZhongQin CPA Company Limited

vi Not material to the Group and not required to be disclosed under SGX Listing Rule 717

vii Audited for the purpose of Group consolidation

* Previously held directly under SeD Home International, Inc. Equity interest in SeD Home Inc is transferred to SeD Intelligent Home Inc. in the current financial year (Note 6(g)(i))

** Subsidiaries incorporated during the year

*** Subsidiaries acquired during the year

@ 150 CCM Black Oak Ltd (“Black Oak Ltd”)

During the financial year ended 31 December 2014, the Group had made the entire capital contribution of US\$4.3 million (equivalent to \$5.6 million) in Black Oak Ltd while no capital contribution is required from other limited partners, (“Black Oak Ltd’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 the Black Oak Ltd’s partners. The Group has not attributed any contributions to Black Oak Ltd’s non-controlling interests as at 31 December 2017 and 2016.

150 Black Oak GP, Inc

The Group’s shareholding in 150 Black Oak GP, Inc, held by its subsidiary, SeD USA, LLC, has increased from 50% to 100% pursuant to a transfer of 500 common shares in 150 Black Oak GP, Inc (representing 50% of the shareholding in 150 Black Oak GP, Inc), from its existing unrelated third party shareholder to 150 Black Oak GP, Inc for cancellation on 26 September 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

Significant restrictions

Cash and cash equivalents of \$40,000 (2016 - \$115,000) held in People's Republic of China are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends.

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	Profit/(Loss) allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of the reporting period \$'000
31 December 2017				
SeD Maryland Development LLC	United States of America	16.46%	167	3,465
iGalen USA LLC	United States of America	47.00%	(639)	(724)
31 December 2016				
SeD Maryland Development LLC	United States of America	16.45%	(33)	3,574

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

c. Summarised financial information about subsidiaries with material NCI

Summarised financial information, not adjusted for the Group's equity interest, including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest are as follows:

	SeD Maryland Development LLC		iGalen USA LLC	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Summarised balance sheet				
Assets	39,083	41,311	591	–
Liabilities	(18,032)	(19,582)	(2,132)	–
Net assets/(liabilities)	21,051	21,729	(1,541)	–
	SeD Maryland Development LLC		iGalen USA LLC	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Summarised statement of comprehensive income				
Revenue	7,550	–	4,212	–
Profit / (loss) before tax	1,014	(202)	(1,361)	–
Profit / (loss) after tax, representing total comprehensive income	1,014	(202)	(1,361)	–
	SeD Maryland Development LLC		iGalen USA LLC	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other summarised information				
Net cash flows used in operations	28	(9,494)	84	–
Proceeds from loans and borrowings	864	8,324	–	–

d. Acquisition of subsidiaries

(i) iGalen USA LLC & iGalen International Inc

On 16 January 2017 and 14 February 2017, the Group has, through its wholly owned subsidiary, Health Wealth Happiness Pte. Ltd., acquired a 53% equity interest in each of iGalen International Inc. and iGalen USA LLC. The acquisition of iGalen International Inc. was completed through the subscription of 530,000 shares in the subsidiary for a consideration of US\$53. No consideration was made for the acquisition of iGalen USA LLC. iGalen USA LLC is principally engaged in the business of distributing health supplements through network marketing. iGalen International Inc is an investment holding company.

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

d. Acquisition of subsidiaries (Cont'd)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Effect on cash flows of the Group

	S\$'000
Consideration paid	–
Less: Cash and cash equivalents in subsidiary acquired	2
Cash inflow on acquisition	<u>2</u>

(b) Identifiable assets acquired and liabilities assumed

	At fair value S\$'000
Inventories	50
Other receivables	19
Cash and cash equivalents	2
Trade and other payables	(349)
Total identifiable net liabilities	<u>(278)</u>
Non-controlling interest at fair value (i)	131
Add: Goodwill (ii)	<u>147</u>
Consideration	<u>–</u>

(i) Non-controlling interest

The Group recognised 47% non-controlling interest based on iGalen USA LLC's identifiable net liabilities at its fair value of \$278,000 as at acquisition date.

(ii) Goodwill arising from the acquisition has been written off and accounted for as other operating expenses (Note 19) in the statement of profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

e. Business combination under common control

SeD Capital Pte. Ltd., a wholly owned subsidiary of the Company, entered into a sale and purchase agreement on 9 May 2017 to purchase entire shares in Hengfai Asset Management Pte. Ltd. ("HFAM") amounting to 100% of the issued and paid-up share capital of HFAM. The consideration for the acquisition of HFAM is S\$600,000.

The acquisition of HFAM is accounted for as a common control transaction.

	S\$'000
Cash and cash equivalents	415
Trade and other receivables	158
Property, plant and equipment	2
Trade and other payables	(124)
Carrying amount of net assets acquired	<u>451</u>
Reserves acquired on pooling of interest under common control arrangement	149
Consideration transferred	<u>600</u>
Consideration transferred consists of:	
- Shareholder's loan	300
- Cash	300
	<u>600</u>
Purchase consideration - cash	(300)
Cash of subsidiary acquired	415
Net cash acquired	<u>115</u>

f. Incorporation of new subsidiaries

(i) HWH International, Inc

On 13 February 2017, the Company incorporated a wholly-owned subsidiary with an issued and paid-up capital of US\$1.00 comprising 100 ordinary shares. The entire shareholding in HWH International, Inc is held by the Company. As at the reporting date, HWH International, Inc is a dormant company.

HWH International Inc has, in turn, incorporated the following wholly-owned subsidiaries:

(a) Health, Wealth & Happiness, Inc in United States of America; and

(b) HWH Multi-Strategy Investment, Inc in United States of America.

Both, Health, Wealth & Happiness, Inc and HWH Multi-Strategy Investment, Inc are principally engaged in investment holding and are dormant as at 31 December 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

f. Incorporation of new subsidiaries (Cont'd)

(ii) Singapore BioMedical Pte. Ltd.

On 17 March 2017, the Company incorporated this wholly-owned subsidiary in Singapore with an issued and paid-up capital of S\$2.00 comprising two (2) ordinary shares. Singapore BioMedical Pte. Ltd. shall be principally engaged in investment holding.

Singapore BioMedical Pte. Ltd. has, in turn, incorporated the following subsidiaries:

SeD BioLife International Inc (USA)	100%
Global Biomedical Inc (USA)	90.91%
SingLife Regenerate Pte. Ltd.	100%

SeD BioLife International Inc, SingLife Regenerate Pte. Ltd. and Global BioMedical Inc are principally engaged in investment holding activities.

(a) SeD BioMedical International Inc

On 13 March 2017, the Company through its indirect wholly-owned subsidiary, SeD BioLife International Inc. incorporated a wholly-owned subsidiary, SeD Biomedical International Inc, in United States of America with an issued and paid-up capital of US\$1.00 comprising 1,000 ordinary shares. SeD BioMedical International Inc shall be principally engaged in investment holding.

(b) Global BioLife Inc ("GBLI")

On 14 April 2017, the Company through its indirect subsidiary Global BioMedical Inc ("GBMI") incorporated GBLI in USA with an issued and paid-up capital of US\$1.00 comprising 1,000 ordinary shares. GBLI shall be principally engaged in biomedical science.

GBMI holds 80% of the issued and paid up share capital of GBLI. The remaining 20% shareholding in GBLI is held by GRDG Sciences LLC ("GRDGS"), an external party and 10% held by Holista CollTech Limited ("Holista").

GBMI has entered into definitive agreement to formalise a collaboration under the Group's Biomedical Business with GRDGS and Holista.

During the current financial year, GBMI has transferred 100 ordinary shares in GBLI (representing 10% of the total number of issued and paid-up share capital of GBLI) to GRDGS, pursuant to the terms and conditions of a stockholders' agreement entered into between GBMI, GRDGS and Holista. Following the transfer of 100 ordinary shares in GBLI, GBMI holds 70% of the total issued and paid-up share capital of GBLI.

(iii) Global Lite Food Pte. Ltd.

On 10 April 2017, the Company has incorporated a wholly-owned subsidiary in Singapore with an issued and paid-up capital of S\$2.00 comprising 2 ordinary shares. Global Lite Food Pte. Ltd. shall be principally engaged in investment holding.

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

f. Incorporation of new subsidiaries (Cont'd)

(iv) BMI Asset Management Pte. Ltd. (f.k.a SeD Global Management Pte. Ltd.)

On 10 April 2017, the Company incorporated this wholly-owned subsidiary in Singapore with an issued and paid-up capital of S\$2.00 comprising 2 ordinary shares. BMI Asset Management Pte. Ltd. shall be principally engaged in investment holding.

(v) SeD Health Solution Pte. Ltd.

On 10 April 2017, the Company incorporated this wholly-owned subsidiary in Singapore with an issued and paid-up capital of S\$2.00 comprising 2 ordinary shares. SeD Health Solution Pte. Ltd. shall be principally engaged in investment holding.

(vi) SeD Medical Solution Pte. Ltd.

On 10 April 2017, the Company incorporated this wholly-owned subsidiary in Singapore with an issued and paid-up capital of S\$2.00 comprising 2 ordinary shares. SeD Medical Solution Pte. Ltd. shall be principally engaged in investment holding.

(vii) SeD Intelligent Home Inc (f.k.a. HomeOwn USA, Inc.)

On 22 December 2016, the Company acquired 74,015,730 shares representing 99.96% of the issued and paid-up capital in SeD Intelligent Home Inc, an Over-The-Counter (“OTC”) company from Cloudbiz International Pte. Ltd. (“Cloudbiz”) for a cash consideration of \$98,000. Mr Chan Heng Fai, an Executive Director and the Chief Executive Officer of the Company, is the ultimate beneficial owner of Cloudbiz.

As SeD Intelligent Home Inc is a non-trading public company that has no business activities, the acquisition of SeD Intelligent Home Inc does not constitute a business combination under FRS 103 Business Combinations in 2016. Management is of the view that they are acquiring the “public” status of SeD Intelligent Home Inc and accordingly, the excess of consideration paid and the acquisition date fair value of the net assets of SeD Intelligent Home Inc which amounted to \$98,000 is accounted for as an expense which is recorded in profit or loss under “Other operating expenses” (Note 19) for the year ended 31 December 2016.

(viii) SeD Home International, Inc. (“SeD Home International”)

On 31 December 2016, the Company incorporated this wholly-owned subsidiary with an issued and paid-up share capital of United States Dollars (“USD”) 1.00 (equivalent to \$1.40). SeD Home International acts as an immediate holding company of SeD Intelligent Home Inc (f.k.a. HomeOwn USA, Inc.).

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

f. Incorporation of new subsidiaries (Cont'd)

(ix) SeD BioMedical International Pte. Ltd. ("SeD BioMedical International")

On 30 November 2016, the Company's wholly-owned subsidiary, SeD Capital Pte. Ltd., incorporated SeD BioMedical International as a wholly-owned subsidiary in Singapore. SeD BioMedical International has in turn incorporated SeD BioMedical Inc. ("SeD BioMedical Inc.") as an 80%-owned subsidiary, registered in Delaware, USA, with the remaining 20% equity interest held by Global Research and Discovery Group Scientific LLC and Holista CollTech Limited in equal proportions of 10% each.

SeD BioMedical Inc. has, in turn, incorporated the following wholly-owned subsidiaries:

- (a) SeD BioMedical Pte. Ltd. incorporated in Singapore;
- (b) SeD BioMedical Limited incorporated in Hong Kong; and
- (c) SeD BioMedical Sdn. Bhd. incorporated in Malaysia.

The incorporation of the subsidiaries is to diversify the Group's core business into the biomedical business segment, which include the business of developing, researching, testing, manufacturing, licensing and distributing (via retail, direct selling, network marketing or e-commerce) products and/or services in the area of biomedical science, biomedical healthcare and biotechnology.

g. Change in ownership interests in subsidiaries

(i) Internal Restructuring

The Company has completed an internal group restructuring exercise in relation to the corporate shareholding structure for subsidiaries of the Group engaged or involved in the property development business in North America (the "Internal Restructuring").

Under the Internal Restructuring, a wholly-owned subsidiary of the Company, SeD Home International, Inc has transferred 100% of its shareholding in SeD Home, Inc to SeD Intelligent Home Inc (formerly known as HomeOwnUSA, Inc), and SeD Intelligent Home Inc has issued 630,000,000 common stock to SeD Home International, Inc, increasing SeD Home International, Inc's shareholding in SeD Intelligent Home Inc from 99.96% to 99.99%. SeD Intelligent Home, Inc is an Over-The-Counter (OTC) company in Nevada, USA.

Subsequent to the internal restructuring, the Group owns 99.99% of the shareholding interest in SeD Intelligent Home, Inc through SeD Home International, Inc, and the Group's effective shareholding of SeD Home, Inc has decreased from 100% to 99.99%. The remaining interest in SeD Intelligent Home, Inc, are held by unrelated third parties.

Notes to the Financial Statements

For the financial year ended 31 December 2017

6 Investment in subsidiaries (Cont'd)

g. Change in ownership interests in subsidiaries (Cont'd)

(ii) Subscription of additional equity shares in HotApp Blockchain, Inc. ("HAI")

During the financial year ended 31 December 2015, the Company entered into an agreement with HAI, to capitalise a short term loan of \$5.25 million extended to HAI, by converting a promissory note issued by HAI, into 777,687 new shares of HAI at US\$5.00 (equivalent to \$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).

In current financial year, the Company entered into an agreement with HAI, to capitalise a short term loan of \$450,890 owing by HAI into 500,988,889 common shares of HAI at a conversion price of \$0.0009. The Company owned 99.98% of HAI after the transactions.

7 Trade and other receivables

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables	741	108	-	-
Other receivables	495	78	78	19
	1,236	186	78	19
Amounts due from subsidiaries (non-trade)	-	-	59,504	48,769
	1,236	186	58,582	48,788
Refundable deposits	348	128	31	103
	1,584	314	59,613	48,891

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.

Refundable deposits

Included in refundable deposits are interest bearing cash amount of \$32,000 (2016 - \$78,000) held by a security house as collateral for margin securities trading as well as a deposit placed related to office rental amounting to \$299,000 (2016 - \$50,000).

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 \$49,727,696 (2016 - \$48,061,000) which bears interest at 5% (2016 - 18%) per annum and is denominated in USD.

Notes to the Financial Statements

For the financial year ended 31 December 2017

7 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 used to record the impairment are as follows:

The Group	2017	2016
	\$'000	\$'000
Trade and other receivables	17,614	16,671
Less: Allowance for impairment	(16,378)	(16,485)
	1,236	186
Movement in allowance accounts:		
At 1 January	16,485	16,483
Reversal for the year	(107)	-
Exchange differences	-	2
At 31 December	16,378	16,485

At the end of the reporting period, the Group has provided an allowance of \$16,378,000 (2016 - \$16,485,000) in relation to receivables pertaining to discontinued operation.

Impairment in amounts due from subsidiaries

As at the reporting date, the management carried out a review of the recoverable amount of the amounts extended to its subsidiaries to determine if the amount of impairment allowance at year end is adequate. Based on management's impairment assessment, objective evidence of impairment existed for the amounts owing from certain subsidiaries since these subsidiaries continued to be loss making and in a deficit net working capital position as at year end. Accordingly, management has made an impairment loss of \$1,112,000 (2016: \$3,000,000) on the amounts due from subsidiaries.

The Company	2017	2016
	\$'000	\$'000
Other receivables	78	19
Amount due from subsidiaries (non-trade)	71,499	59,652
Less: Allowance for impairment	(11,995)	(10,883)
	59,582	48,788
Movement in allowance accounts:		
At 1 January	10,883	7,883
Charge for the year	1,112	3,000
At 31 December	11,995	10,883

Notes to the Financial Statements

For the financial year ended 31 December 2017

8 Properties under development

The Group	2017	2016
	\$'000	\$'000
At cost:		
Freehold land	32,738	37,218
Development costs	36,095	32,751
	68,833	69,969
At net realisable value:		
Freehold land	511	757
Development costs	280	372
	791	1,129
	69,624	71,098

As at 31 December 2017 and 2016, the carrying amount of properties under development held under charge for loan and borrowings (Note 14) are \$38,560,000 (2016: \$71,098,000).

During the current financial year, borrowing costs of \$1,347,888 (2016 - \$4,753,000) arising from borrowings obtained specifically for the properties under development were capitalised under "Development costs". Included in the borrowing costs capitalised in 2016 is an amount \$538,000 which relates to the amortisation of discount of straight bond component of the exchangeable notes which were redeemed on 19 May 2016 (Note 11).

A reversal of previous write down on properties under development of \$218,000 (2016: write down of properties under development of \$642,000) upon sale of the property was recognised in "Other operating income" (Note 16) and "Other operating expenses" (Note 19) respectively.

9 Properties for sale

The Group	2017	2016
	\$'000	\$'000
Balance sheet:		
At cost	182	1,023
At net realisable value	-	979
	182	2,002
Consolidated statement of comprehensive income:		
Recognised as an expense in cost of sales	1,288	1,365

An impairment loss of Nil (2016: \$40,000) representing the write-down of these properties for sale to the net realisable value was recognised in "Other operating expenses" (Note 19) in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2017

10 Investment securities

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Held for trading investments - Quoted equity securities (Note 32)	4,995	311	21	21

11 Derivatives assets

The Group	2017		2016	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Convertible promissory note (Note 32)	-	-	763	-
Warrants (Note 32)	-	-	22	-
Exchangeable notes	-	-	-	-
Total derivatives	-	-	785	-

Convertible promissory note

On 18 October 2016, the Company's wholly-owned Hong Kong subsidiary, BMI Capital Partners International Limited ("BMI") was issued an interest-free convertible promissory note with a principal amount of US\$500,000 (equivalent to \$724,000) by Amarantus Bioscience Holdings Inc. ("Amarantus"), a company listed on the USA OTC market (OTCQX), as consideration for consulting services provided to Amarantus. The fair value of the note as at 31 December 2016 was \$763,000, calculated using the binomial model incorporating market observable parameters at the date of valuation. The net fair value gain on the note amounting to \$39,000 (Note 16) was recognised in profit or loss. During the year 2017, the note was converted into common stock in Amarantus at a conversion price of US\$0.025 per share. Subsequent to the conversion, the investment was designated as held for trading financial assets at fair value through profit or loss.

Warrants

On 29 December 2016, BMI entered into a Common Stock Purchase Warrant agreement with Document Security System, Inc. ("DSS"), a company listed on the New York Stock Exchange, to purchase 200,000 warrants. The warrants shall entitle BMI to subscribe for and purchase up to 200,000 shares of DSS common stock at an exercise price of US\$1.00 (equivalent to \$1.45) per common stock, at any time on or after 29 December 2016 ("Initial Exercise Date") up till the third year anniversary of the Initial Exercise Date. The fair value of the warrants is calculated using the Black-Scholes model incorporating market observable parameters, and amounted to \$22,000 as at the end of 2016. During the financial year ended 2017, BMI exercised its rights under the agreement and acquired 200,000 shares of DSS common stocks for a consideration of US\$140,540 (equivalent to \$187,785).

Exchangeable notes

The Group early exercised their option to redeem the exchangeable notes at 104% of the principal amount, and entered into an agreement with the note holders to fully redeem the notes as at 19 May 2016 ("Redemption date"). The fair value of the derivative liability component on the Redemption date was \$571,000. Accordingly, a net fair value gain on derivative liability amounting to \$465,000 (Note 16) and a loss on early redemption of exchangeable notes amounting to \$391,000 (Note 19) were recognised in profit or loss as at the Redemption date.

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Cash and short-term deposits

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	1,708	3,885	408	1,377
Bank deposits pledged	3,528	3,816	-	-
Cash and short-term deposits	5,236	7,701	408	1,377

The bank deposits pledged relates to deposits pledged as a security for bank facilities (Note 14).

Cash and short-term deposits earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates for the Group and the Company were 2.4% (2016 – 1.26%) and Nil (2016 – 0.12%) respectively.

Cash and short-term deposits are denominated in the following currency are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
United States dollar	4,755	1,358	134	71

13 Share capital and other reserves

Share capital	2017	2016	2017	2016
	No. of shares		\$'000	\$'000
Issued and fully paid with no par value:				
At 1 January	569,862	300,296	81,286	68,521
Issuance of new ordinary shares pursuant to private placement	-	117,000	-	7,020
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	158,739	152,566	6,350	6,103
Issuance of new ordinary shares pursuant to conversion of HBD loan (Note 14)	372,855	-	14,914	-
Share issuance expense	-	-	(125)	(358)
At 31 December	1,101,456	569,862	102,425	81,286

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.

Notes to the Financial Statements

For the financial year ended 31 December 2017

13 Share capital and other reserves (Cont'd)

Other reserves

(a) Capital reserve

This represents the “day one” difference on the interest-free loans given by a shareholder.

(b) Merger reserve

This represents the difference between the consideration paid by the Group and the share capital of the investment in Heng Fai Asset Management Pte Ltd under a common control arrangement.

(c) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 22). 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, forfeiture or exercise of the share options.

(d) 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.

14 Loans and borrowings

	Maturity	The Group		The Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current					
Floating rate USD loan	2019	10,871	10,453	–	–
Fixed rate USD loan	2017	–	8,687	–	–
Interest-free USD loan	2017	–	15,202	–	15,202
Floating rate AUD loan	2018	234	661	–	–
		11,105	35,003	–	15,202
Non-current					
Corporate bonds	2019	1,884	1,968	–	–
		1,884	1,968	–	–
Total loans and borrowings (Note 15)		12,989	36,971	–	15,202

Floating rate USD loan

In November 2015, the Group obtained a US\$8.0 million construction loan facility which was secured by a lien over the properties under development (Note 8) and a cash deposit of US\$2.6 million (equivalent to \$3.5 million) (Note 12) and is repayable in full before 22 November 2018. The revolving facility has a cumulative loan advance limit of US\$26.0 million. 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 2016, US\$7.2 million (equivalent to \$10.4 million) has been drawn down and remained outstanding. The loan includes a minimum repayment amount, which require the Group to repay an accumulative loan balance of US\$4.1 million, US\$13.8 million and US\$23.0 million by 30 June 2017, 31 March 2018 and 15 November 2018 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Loans and borrowings (Cont'd)

Floating rate USD loan (Cont'd)

The terms of the loan have been modified in September 2017. The key modification includes increasing the maximum outstanding loan balance from US\$8.0 million to US\$11.0 million and extended the maturity date from 22 November 2018 to 31 December 2019. As of 31 December 2017, US\$8.1 million (2016: US\$7.2 million) has been drawn down and remained outstanding. Prior to full settlement of the loan, the Group is required to make principal repayment equal to 95% of property sales but limited to the outstanding loan balances. The minimum repayment amount has also been modified, which require the Group to repay an accumulative loan balance of US\$4.1 million, US\$13.8 million and US\$23.0 million by 31 March 2018, 31 December 2018 and 30 June 2019 respectively.

Fixed rate USD loan

In October 2015, the Group drew down a short-term construction loan of US\$6.0 million from a private equity fund. The loan is secured by a lien over the properties under development (Note 8). The lender will 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. As of 31 December 2016, the loan has been fully disbursed and remained outstanding. The loan bears a fixed interest rate of 13% per annum and the Group had obtained a loan extension up till 1 October 2017 with an option to extend for an additional 6 months. The loan had been fully repaid during the financial year.

Interest-free USD loan

During the financial year ended 2015, a US\$15.0 million loan facility was provided by Hengfai Business Development Pte. Ltd. ("HBD"), 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. As at the end of 2015, US\$10.5 million (equivalent to \$15.2 million) was drawn down to finance a land purchase by a subsidiary. The loan facility is unsecured, repayable upon demand and interest-free. In 2016, this loan was assigned from the subsidiary to the Company with its maturity date extended to 31 December 2017. In the current financial year, the entire HBD loan of US\$10.5 million (equivalent to \$14,914,000) was converted into 372,855,000 ordinary shares (Note 13) of the Company at an issue price of \$0.04 per share.

Floating rate AUD loan

The loan is secured by a charge over the freehold land classified in properties under development (Note 8) as well as a deposit pledged (Note 12). This loan is denominated in AUD and is guaranteed by one 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 5.55% to 6.06% (2016 – 5.46% to 5.90%) per annum. The loan is repayable on 4 January 2017 and on 5 January 2017 but the Group obtained a loan extension up till 31 December 2018.

Corporate bonds

In November 2016, the Company through a subsidiary incorporated in Hong Kong issued three 8% US\$500,000 corporate bonds with a 3-year maturity to external parties. The Group recognised the corporate bonds net of transaction costs amounting to \$0.2 million. SeD Home Inc. and Mr Chan Heng Fai agreed to guarantee the principal amount of the corporate bonds for a period of 3 years from the issue date up to US\$10.0 million and US\$5.0 million respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2017

15 Trade and other payables

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables	910	813	59	24
Other payables	434	160	25	98
Deferred revenue	–	724	–	–
Amount due to a director (non-trade)	9,872	27	9,818	–
Accrued payroll expenses	241	602	174	318
Accrued interest expenses	56	40	–	–
Withholding tax payable	3,286	2,661	1,750	1,163
Consultancy fee payable	308	–	–	–
Royalty payable	28	–	–	–
Commission payable	217	–	–	–
Accrued professional fees	371	614	96	180
Deposit received	7,161	8,542	–	–
Other accruals	1,261	1,155	60	–
Trade and other payables	24,145	15,338	11,982	1,783
Loans and borrowings (Note 14)	12,989	36,971	–	15,202
Deposit received	(7,161)	(8,542)	–	–
Deferred revenue	–	(724)	–	–
Total financial liabilities at amortised cost	29,973	43,043	11,982	16,985

Trade and other payables

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

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 USA incorporated subsidiary, SeD USA LLC.

Deferred revenue

In 2016, deferred revenue relates to consideration received in the form of an interest-free convertible promissory note (Note 11) for consulting services that have yet to be rendered as at 31 December 2016. During the current financial year, the note has been converted into common stocks in Amarantus and a corresponding recognition of revenue in respect of the consulting services rendered in 2017.

Deposits received

Deposits received is non-refundable and pertains 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 2017

15 Trade and other payables (Cont'd)

Amount due to a director

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

Trade and other payables denominated in foreign currency are as follow:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	1,238	26	-	-

16 Other operating income

The Group		2017 \$'000	2016 \$'000
	Note		
Net foreign exchange gain		-	739
Gain on disposal of an associate		-	66
Reversal of previous write down on properties under development upon sale	8	218	-
Net fair value gains/(loss) on financial instruments;			
- Held for trading investment securities		3,901	(15)
- Convertible promissory note	11	-	39
- Exchangeable note	11	-	465
Reversal of impairment loss on trade and other receivables	7	107	-
Others		57	25
		4,283	1,319

17 Finance income

The Group	2017 \$'000	2016 \$'000
Interest income	39	45

18 Finance costs

The Group	2017 \$'000	2016 \$'000
Interest expense from loans and borrowings	165	56

Notes to the Financial Statements

For the financial year ended 31 December 2017

19 Other operating expenses

The Group	Note	2017 \$'000	2016 \$'000
Net foreign exchange loss		3,771	–
Impairment loss on property, plant and equipment	4	–	64
Goodwill written off	6(d)	147	–
Acquisition cost	6(f)(vii)	–	98
Loss on early redemption of exchangeable notes	11	–	391
Withholding tax expenses		625	1,095
Write-down of properties under development	8	–	642
Write-down of properties for sale	9	–	40
Others		9	32
		<u>4,552</u>	<u>2,362</u>

20 Loss before taxation from continuing operations

The following items have been included in arriving at (loss) before taxation:

The Group	Note	2017 \$'000	2016 \$'000
Audit fees:			
- Auditors of the Company		220	309
- Other auditors		–	122
Non-audit fees:			
- Auditors of the Company		–	16
Depreciation of property, plant and equipment	4	68	123
Staff salaries and related costs	21	3,298	3,170
Legal and other professional fees		2,919	1,047
Operating lease expenses		382	420
Write-back of marketing expenses		–	(108)
Loss on disposal of property, plant and equipment		–	76
		<u>–</u>	<u>76</u>

21 Staff salaries and related costs

	2017 \$'000	2016 \$'000
Directors' remuneration		
- salaries and other related costs	970	851
- Director's fee	151	191
- CPF contribution	43	23
	<u>1,164</u>	<u>1,065</u>
Key management personnel (other than Directors)		
- salaries and other related costs	566	520
- CPF contribution	23	29
- Other short term benefits	–	7
	<u>589</u>	<u>556</u>
Other than directors and key management personnel		
- salaries and other related costs	1,432	1,309
- CPF contribution	113	240
- Other short term benefits	–	–
	<u>1,545</u>	<u>1,549</u>
	<u>3,298</u>	<u>3,170</u>

Notes to the Financial Statements

For the financial year ended 31 December 2017

22 Employee benefits (including directors)

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:

Wong Shui Yeung (Chairman)
Wong Tat Keung (Member)
Chan King Fai (Member)

Other information regarding the Scheme is as follows:

- Employees, Executive Directors, 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 of 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 Executive Directors and 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:

	2017		2016	
	No.	WAEP	No.	WAEP
Outstanding at 1 January	2,918,667	0.12	3,714,667	0.12
- Forfeited	(1,326,667)	0.12	(796,000)	0.12
Outstanding at 31 December	<u>1,592,000</u>	<u>0.12</u>	<u>2,918,667</u>	<u>0.12</u>

The range of exercise price for options outstanding at the end of the year was \$0.12 (2016 - \$0.11 to \$0.12). The weighted average remaining contractual life for these option is 4.34 years (2016 - 4.09 years).

Notes to the Financial Statements

For the financial year ended 31 December 2017

22 Employee benefits (including directors) (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 and previous financial year.

23 Income tax (credit)/expense

	2017 \$'000	2016 \$'000
The Group		
Current taxation (credit) / expense	–	809
Overprovision of prior year tax	(809)	–
	(809)	809

Reconciliation of effective tax rate

	2017 \$'000	2016 \$'000
The Group		
Loss before taxation from continuing operations	(7,199)	(7,151)
Profit before taxation from discontinued operation	–	812
Loss before taxation	(7,199)	(6,339)
Tax at statutory rate of different tax jurisdiction	(2,420)	(1,511)
Tax effect on non-deductible expenses	1,979	863
Tax effect on non-taxable income	(1,198)	(232)
Deferred tax benefits on tax losses not recognised	1,641	895
Utilisation of deferred tax assets previously not recognised	(2)	–
Share of results of an associate	–	(15)
Overprovision of prior year tax	(809)	–
Tax upon deemed remittance	–	809
	(809)	809

As at 31 December 2017, the Group has unutilised tax losses amounting to approximately \$18,303,000 (2016 – \$9,602,000) that are available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with the relevant provisions. The deferred tax assets arising from these unutilised tax losses has not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the tax losses.

Non-deductible expenses relate mainly to losses from those subsidiary entities principally engaged in investment holding activities where such losses cannot be carried forward for utilisation against future taxable profits.

Non-taxable income mainly arises from the fair value gain of financial assets at fair value through profit or loss which are capital in nature.

Notes to the Financial Statements

For the financial year ended 31 December 2017

24 Discontinued operation

Following the Group's disposal of its construction business held under CCM Industrial Pte Ltd ("CIPL") 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 year ended 31 December 2016 are as follows:

The Group	2017 \$'000	2016 \$'000
Revenue	-	-
Expenses	-	-
Loss from operations	-	-
Other expenses	-	-
Other income	-	812
Finance costs	-	-
Profit before tax from discontinued operations	-	812
Income tax expense	-	-
Profit from discontinued operations, net of tax	-	812

Cash flow statement disclosures

The cash attributable to the discontinued operations

The Group	2017 \$'000	2016 \$'000
Operating activities, representing net cash flows	-	-

Earnings per share disclosure

Earnings per share from discontinued operation attributable to owners of the Company (cents per share)

-	0.20
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The basic and diluted earnings per share from discontinued operation are calculated by dividing the earnings 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 and share data are presented in the tables above.

Notes to the Financial Statements

For the financial year ended 31 December 2017

25 Loss per share

(a) Continuing operations

Basic loss per share from continuing operation 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 Group	2017 \$'000	2016 \$'000
Loss for the year attributable to owners of the Company	(5,377)	(7,115)
Exclude: Profit from discontinued operation, net of tax, attributable to owners of the Company	-	(812)
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	(5,377)	(7,927)
Weighted average number of ordinary shares for basic/diluted earnings per share computation ('000)	974,657	403,387
Basic and diluted loss per share (cents per share)	(0.6)	(2.0)

There is no dilutive effect from the Scheme outstanding 2017 warrants and bond warrants as they are anti-dilutive. Accordingly, the diluted loss per share was equivalent to the 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 are presented in the table above.

26 Operating lease commitments (non-cancellable)

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:

The Group	2017 \$'000	2016 \$'000
Not later than one year	429	231
Later than one year and not later than five years	347	424
Later than five years	-	-
	776	655

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to \$382,000 (2016: \$420,000) (Note 20).

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Corporate guarantees

The Group and Company have provided the following guarantees as at the end of the reporting period:

- Corporate indemnities on performance bonds for various projects of \$150,000 (2016: \$506,000).
- As at 31 December 2017, the Group has provided guarantees for principal sum of up to \$13,400,000 (2016: \$14,500,000) in relation to corporate bonds issued by a subsidiary to external parties.

Management is of the opinion that the fair value of the above corporate guarantees is insignificant as the Group has the ability to generate sufficient cash flows from their operation to repay the borrowings.

28 Operating segments

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) Property development, which includes actively acting as a developer for property projects and investing in property development projects;
- (b) Information technology business 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;
- (c) Investment business, 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) Biomedical business, which includes the development, research, testing, manufacturing, licencing and distribution of biomedical products; and
- (e) Construction, which included main building works, general building works and leasing and installation of access equipment which were discontinued on 21 May 2014.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2017

28 Operating segments (Cont'd)

	Construction (Discontinued Operation)				Operating segments				Non-operating segments				Total			
	2017		2016		2017		2016		2017		2016		2017		2016	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and other operating income	-	10,006	1,423	736	71	155	209	4,111	-	-	-	-	-	15,008	1,703	
Segment result																
Segment profit/(loss) from operation	-	812	(2,190)	2,817	(914)	(638)	(1,284)	(2,447)	-	(6,826)	(2,752)	-	(812)	(7,073)	(7,140)	
Finance income	-	-	39	45	119	-	-	-	-	2,082	-	(2,201)	-	39	45	
Finance expenses	-	-	-	(165)	(56)	-	-	-	-	-	-	-	-	(165)	(56)	
Net profit/(loss) before tax	-	812	(2,145)	2,771	(970)	(638)	(1,284)	(2,447)	-	(4,744)	(2,752)	(2,201)	(812)	(7,199)	(7,151)	
Income tax (credit)/expense	-	-	-	-	-	-	-	-	-	809	(809)	-	-	809	(809)	
Net profit/(loss) for the year	-	812	(2,145)	2,771	(970)	(638)	(1,284)	(2,447)	-	(3,935)	(3,561)	(2,201)	(812)	(6,390)	(7,960)	
Other information																
Segment assets	-	80,475	77,176	8,304	1,265	461	76	861	-	67,398	4,084	(74,979)	-	82,520	82,601	
Consolidated total assets	-	80,475	77,176	8,304	1,265	461	76	861	-	67,398	4,084	(74,979)	-	82,520	82,601	
Segment liabilities	-	78,853	30,680	6,651	786	1,387	363	3,365	-	21,644	21,289	(74,766)	-	37,134	53,118	
Consolidated total liabilities	-	78,853	30,680	6,651	786	1,387	363	3,365	-	21,644	21,289	(74,766)	-	37,134	53,118	
Additions of plant and equipment	-	10	4	14	81	-	18	-	-	12	2	-	-	36	105	
Depreciation of plant and equipment	-	28	22	16	24	3	55	-	-	21	22	-	-	68	123	
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	64	-	-	-	64	
Goodwill written off	-	-	-	-	-	-	-	147	-	-	-	-	-	147	-	
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	76	-	-	-	76	
Write-off of property for sale	-	-	40	-	-	-	-	-	-	-	40	-	-	-	40	
(Reversal)/Write-off of property under development	-	(218)	642	-	-	-	-	-	-	-	-	-	-	(218)	642	
Net fair value gain/(loss) in investment securities	-	-	-	(3,901)	15	-	-	-	-	-	-	-	-	(3,901)	15	
Unrealised loss/(gain)	-	-	-	217	-	159	-	34	-	3,361	(825)	-	-	3,771	(825)	
Finance income	-	-	39	45	119	-	-	-	-	2,082	-	(2,201)	-	39	45	
Finance expense	-	-	-	(165)	(56)	-	-	-	-	-	-	-	-	(165)	(56)	

Note A: Amounts relating to the construction segment had been excluded to arrive at amounts shown in profit or loss as they are separately presented in the statement of comprehensive income within the line item "loss from discontinued operation, net of tax". Corporate and other segment is a non-operating segment involving Group level corporate services and other activities.

Notes to the Financial Statements

For the financial year ended 31 December 2017

28 Operating segments (Cont'd)

Geographical segment

The following table presents revenue and total non-current assets information based on the geographical location of customers and assets:

The Group	Singapore \$'000	Australia \$'000	People's Republic of China* \$'000	United States of America \$'000	Total \$'000
2017					
Revenue	52	444	839	13,673	15,008
Non-current assets	435	–	101	108	644
2016					
Revenue	–	–	280	1,423	1,703
Non-current assets	23	–	133	41	197

*Hong Kong is included in the People's Republic of China

Non-current assets information presented above consist of property, plant and equipment as presented in the consolidated balance sheets.

There are no major customers contributing revenue which is greater than 10% of the total revenue for the current financial year. (2016: 5 major customers)

29 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 2017, certain directors of the Group have provided personal guarantees amounting to approximately \$7,300,000 (2016: \$7,900,000) to secure external loans and borrowings from financial institutions for the Group.

(b) Compensation of key management personnel (Note 22)

Directors' interests in employee share option plan

During the financial year, 1,326,667 (2016: 796,000) share options were forfeited due to the resignation of two directors. At the end of the reporting period, the total number of outstanding share options granted by the Company to the directors amount to 1,592,000 (2016: 2,918,667).

(c) Amount due to a director (non-trade) (Note 15)

As at 31 December 2017, a director of the Company has provided an advance to the Group amounting to \$9,871,960 (2016: \$27,000) for general operating activities.

Notes to the Financial Statements

For the financial year ended 31 December 2017

29 Related party transactions (Cont'd)

(d) Purchase of subsidiary from a director

During the financial year ended 2017, SeD Capital Pte. Ltd., a wholly owned subsidiary of the Group, entered into an agreement with Mr Chan Heng Fai, to acquire 100% of the issued and paid-up share capital of a subsidiary, Hengfai Assets Management Pte. Ltd.. In the previous financial year, the Company entered into an agreement with Mr Chan Heng Fai, to acquire 99.96% issued and paid-up share capital of a subsidiary, SeD Intelligent Home Inc (Note 6).

(e) Interest related to exchangeable notes (Note 11)

Two of the directors held the exchangeable notes issued by the Group, and the interest on these notes amounted to \$Nil (2016: \$274,000) for the current financial year. The exchangeable notes were fully redeemed in 2016.

(f) Premium related to early redemption of exchangeable note (Note 11)

On 19 May 2016, the exchangeable notes were fully redeemed and a current director and a director who has since resigned during the year, who held the exchangeable notes issued by the Group, were paid an early redemption premium amounting to \$140,000 and \$20,000 respectively.

30 Financial risk management

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included 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.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

The carrying amounts of financial assets and financial liabilities at the reporting date by categories of FRS 39 are as follows:

The Group	2017 \$'000	2016 \$'000
Financial assets at fair value through profit or loss		
Held for trading financial assets – Investment securities (quoted)	<u>4,995</u>	<u>311</u>
Financial assets at fair value		
Derivative – Convertible promissory notes	–	763
Warrants	–	22
	<u>–</u>	<u>785</u>
Loans and receivables		
Trade and other receivables	1,584	314
Cash and short-term deposits	5,236	7,701
	<u>6,820</u>	<u>8,015</u>
Available-for-sale financial assets	490	–
Other investment	<u>490</u>	<u>–</u>
Financial liabilities at amortised cost		
Trade and other payables*	16,984	6,072
Loans and borrowings	12,989	36,971
	<u>29,973</u>	<u>43,043</u>

* exclude deposits received and deferred revenue

The Company	2017 \$'000	2016 \$'000
Loans and receivables		
Trade and other receivables	59,613	48,891
Cash and short-term deposits	408	1,377
	<u>60,021</u>	<u>50,268</u>
Financial liabilities at amortised cost		
Trade and other payables	11,982	1,783
Loans and borrowings	–	15,202
	<u>11,982</u>	<u>16,985</u>

30.1 Interest rate risk

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

30.1 Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates on variable rate borrowings at the reporting date would have increased/decreased profit before tax and equity by the amounts shown below.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation as part of properties under development or properties for sale.

The Group	Loss before tax		Equity	
	Increase/(Decrease)	Increase/(Decrease)	(Decrease)/Increase	(Decrease)/Increase
	(100 bp increase)	(100 bp decrease)	(100 bp increase)	(100 bp decrease)
	\$'000	\$'000	\$'000	\$'000
At 31 December 2017				
Floating rate loans and borrowings	111	(111)	(111)	111
At 31 December 2016				
Floating rate loans and borrowings	111	(111)	(111)	111

30.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currency is primarily the United States dollar (USD).

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

30.2 Currency risk (Cont'd)

The Group	USD \$'000	Total \$'000
At 31 December 2017		
Financial assets		
Trade and other receivables	-	-
Cash and cash equivalents	210	210
Investment securities	4,995	4,995
	<u>5,205</u>	<u>5,205</u>
Financial liabilities		
Trade and other payables*	210	210
Corporate bonds	1,884	1,884
	<u>2,094</u>	<u>2,094</u>
Net financial assets	<u>3,111</u>	<u>3,111</u>
At 31 December 2016		
Financial assets		
Trade and other receivables	-	-
Cash and cash equivalents	1,212	1,212
Investment securities	311	311
Derivative assets	785	785
	<u>2,308</u>	<u>2,308</u>
Financial liabilities		
Trade and other payables*	1,212	1,212
Corporate bonds	1,968	1,968
	<u>3,180</u>	<u>3,180</u>
Net financial liabilities	<u>872</u>	<u>872</u>

* exclude deposit received and deferred revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

30.2 Currency risk (Cont'd)

The Company	USD \$'000	Total \$'000
At 31 December 2017		
Financial assets		
Trade and other receivables	55,877	55,877
Cash and cash equivalents	134	134
	<u>56,011</u>	<u>56,011</u>
Financial liabilities		
Trade and other payables	-	-
	<u>-</u>	<u>-</u>
Net financial assets	<u>56,011</u>	<u>56,011</u>
At 31 December 2016		
Financial assets		
Trade and other receivables	48,227	48,227
Cash and cash equivalents	71	71
	<u>48,298</u>	<u>48,298</u>
Financial liabilities		
Trade and other payables	-	-
	<u>-</u>	<u>-</u>
Net financial assets	<u>48,298</u>	<u>48,298</u>

Sensitivity analysis for foreign currency risk

A 5% strengthening of the USD against the respective functional currencies of the Group entities at the reporting date would have decreased loss before tax and increase equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

The Group	2017		2016	
	Loss before tax \$'000 (Decrease)/Increase	Equity \$'000	Loss before tax \$'000 (Decrease)/Increase	Equity \$'000
USD				
- strengthened 5% (2016 - 5%) against SGD	<u>(156)</u>	<u>156</u>	44	(44)
The Company				
USD				
- strengthened 5% (2016 - 5%) against SGD	<u>(2,801)</u>	<u>2,801</u>	(2,415)	2,415

A weakening of the USD against the respective functional currency of the Group entities at the reporting date would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

30.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount \$'000	Contractual undiscounted cash flows			
		Total \$'000	Less than 1 year \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
The Group					
As at 31 December 2017					
Trade and other payables*	16,984	16,984	16,984	-	-
Loans and borrowings	12,989	14,282	887	13,395	-
	29,973	31,266	17,871	13,395	-
As at 31 December 2016					
Trade and other payables*	6,072	6,072	-	-	-
Loans and borrowings	36,971	39,629	36,876	2,753	-
	43,043	45,701	36,876	2,753	-

* exclude deposits received and deferred revenue

	Carrying amount \$'000	Contractual undiscounted cash flows			
		Total \$'000	Less than 1 year \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
The Company					
As at 31 December 2017					
Trade and other payables	11,982	11,982	11,982	-	-
	11,982	11,982	11,982	-	-
As at 31 December 2016					
Trade and other payables	1,783	1,783	1,783	-	-
Loans and borrowings	15,202	15,202	15,202	-	-
	16,985	16,985	16,985	-	-

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 are allocated to the earliest period in which the guarantee could be cancelled.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

30.3 Liquidity risk (Cont'd)

Group	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
2017			
Financial guarantees	150	13,400	13,550
	<u>150</u>	<u>13,400</u>	<u>13,550</u>
2016			
Financial guarantees	506	14,500	15,006
	<u>506</u>	<u>14,500</u>	<u>15,006</u>

At the reporting date, the Group does not consider it probable that a claim will be made against under the intragroup financial guarantees.

30.4 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 its concentrations of credit risk by monitoring the country of its other receivables on an ongoing basis.

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 7.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group and the Company's total credit exposure. The Group determines its concentration of credit risk by monitoring its trade and other receivables on an ongoing basis. The maximum exposure to credit risk is represented by the carrying value of each financial assets at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Financial risk management (Cont'd)

30.4 Credit risk (Cont'd)

The ageing of trade and other receivables that were not impaired at the reporting date was:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Neither past due nor impaired				
Past due 0 - 30 days	719	70	-	-
Past due 31 - 60 days	27	-	-	-
Past due over 60 days	838	244	59,613	48,891
	1,584	314	59,613	48,891

30.5 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 market prices. The Group is exposed to equity price risk arising from its quoted investment securities (Note 10). The fair value of these financial instruments are quoted from the market.

For investments classified as fair value through profit or loss, a 10% increase in the equity price at the reporting date would have increased profit or loss before tax by \$500,000 (2016: \$31,000). Similarly, a decrease of 10% in equity price would have an equal but opposite effect.

31 Capital management

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern;
- To support the Group's stability and growth;
- To provide capital for the purpose of strengthening the Group's risk management capability; and
- To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently do not adopt any formal dividend policy.

Management monitors capital based on net gearing ratio. Net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements other than as disclosed.

Notes to the Financial Statements

For the financial year ended 31 December 2017

31 Capital management (Cont'd)

	The Group	
	2017	2016
	\$'000	\$'000
Loans and borrowings	(12,989)	(36,971)
Total debts	(12,989)	(36,971)
Cash and cash equivalents	1,708	3,885
Net debt	(11,281)	(33,086)
Total equity	45,386	29,483
Gearing ratio	0.25	1.12

32 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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 : unobservable inputs for the asset or liability.

Notes to the Financial Statements

For the financial year ended 31 December 2017

32 Fair value measurement (Cont'd)

Fair values of financial instruments

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(a) Financial assets and liabilities measured at fair value

The Group	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2017					
Financial assets measured at fair value					
Held for trading financial assets					
- Investment securities (quoted)	10	4,995	-	-	4,995
Available for sale financial assets					
- Other investment	5	-	-	490	490
		<u>4,995</u>	<u>-</u>	<u>490</u>	<u>5,485</u>
31 December 2016					
Financial assets measured at fair value					
Held for trading financial assets					
- Investment securities (quoted)	10	311	-	-	311
- Convertible promissory note	11	-	763	-	763
- Warrants	11	-	22	-	22
		<u>311</u>	<u>785</u>	<u>-</u>	<u>1,096</u>
The Company					
31 December 2017					
Financial assets measured at fair value					
Held for trading financial assets					
- Investment securities (quoted)	10	21	-	-	21
31 December 2016					
Financial assets measured at fair value					
Held for trading financial assets					
- Investment securities (quoted)	10	21	-	-	21

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

Convertible promissory note are valued using Binomial model with market observable inputs while warrants are valued using the Black-Scholes model. The models incorporate various inputs including the historical volatility of share price, risk free rate and dividend yield.

Level 3 fair value measurements

Other investment

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Net Asset Value ("NAV")	Value of the underlying assets (mainly quoted investments) of the fund	The estimated fair value would increase/decrease if NAV was higher/lower

Notes to the Financial Statements

For the financial year ended 31 December 2017

32 Fair value measurement (Cont'd)

Fair values of financial instruments (Cont'd)

For the fair value of available-for-sale Level 3 financial assets, increasing the significant unobservable input by 5% at the reporting date would have increased equity by \$25,000. A 5% decrease in the significant unobservable input would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	2017 \$'000	2016 \$'000
The Group		
Balance at 1 January	-	-
Additions	490	-
Balance at 31 December	<u>490</u>	<u>-</u>

- (b) 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:

	Note	Fair value measurements at the end of reporting period using	
		Fair value (level 3) \$'000	Carrying amount \$'000
The Group			
2017			
Financial liabilities			
Loans and borrowings			
- Corporate bonds (non-current)	14	1,730	1,884
		<u>1,730</u>	<u>1,884</u>
2016			
Financial liabilities			
Loans and borrowings			
- Corporate bonds (non-current)	14	1,954	1,968
		<u>1,954</u>	<u>1,968</u>

Determination of fair value - Corporate bonds. 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.

- (c) 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 7), bank deposits pledged (Note 12), cash and cash equivalents (Note 12), trade and other payables (Note 15) and current loans and borrowings (Note 14).

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

Properties of the Group

As at 31 December 2017

Under Development

Residential

Country	Location	Land Size	Tenure	No. of Units	Total Unit Size	Equity Interest	Expected year of Completion
Australia	Mandurah, WA	732 m ²	Freehold	11	1,374 m ²	100.0%	On hold

Subdivision

Country	Location	Land Size	Tenure	No. of Units	Total Unit Size	Equity Interest	Expected year of Completion
USA	Houston, TX	550,372 m ²	Freehold	385	N/A	68.99%	2022
USA	Frederick, MD	785,525 m ²	Freehold	811	N/A	83.54%	2022

Properties Held for Sales

Country	Location	Land Size	Tenure	No. of Units	Total Unit Size	Equity Interest	Expected year of Completion
USA	Houston, TX	193 m ²	Freehold	1	481 m ²	99.99%	Completed

Statistics of Shareholdings

As at 26 March 2018

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
1 - 99	73	5.23	2,650	0.00
100 - 1,000	310	22.20	176,598	0.02
1,001 - 10,000	397	28.44	1,941,892	0.18
10,001 - 1,000,000	574	41.12	61,082,791	5.54
1,000,001 AND ABOVE	42	3.01	1,038,252,776	94.26
TOTAL	1,396	100.00	1,101,456,707	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	779,153,510	70.74
2	TOH SOON HUAT	40,000,000	3.63
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	32,047,240	2.91
4	CITIBANK NOMINEES SINGAPORE PTE LTD	29,567,233	2.68
5	UOB KAY HIAN PRIVATE LIMITED	25,056,056	2.27
6	DOCUMENT SECURITY SYSTEMS, INC.	21,196,552	1.92
7	RAFFLES NOMINEES (PTE) LIMITED	20,510,703	1.86
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	16,591,876	1.51
9	TAN FUH GIH	7,997,100	0.73
10	LOH YIH	6,259,270	0.57
11	TAY YONG SOON JUSTIN (ZHENG YONGSHUN)	3,431,900	0.31
12	MRS CHAU-CHAN SUI YUNG	3,420,000	0.31
13	OCBC SECURITIES PRIVATE LIMITED	2,979,362	0.27
14	DBS NOMINEES (PRIVATE) LIMITED	2,721,436	0.25
15	ANG CHEW KHENG	2,716,000	0.25
16	TAN TONG CHEE	2,600,000	0.24
17	LOW SIEW YAM	2,589,298	0.24
18	RHB SECURITIES SINGAPORE PTE. LTD.	2,136,600	0.19
19	TEY HANG LIANG	2,065,300	0.19
20	OCBC SECURITIES PRIVATE LTD	2,001,190	0.18
	TOTAL	1,005,040,626	91.25

* The Company did not have treasury shares or subsidiary holdings.

Statistics of Shareholdings

As at 26 March 2018

PERCENTAGE OF SHAREHOLDING HELD IN THE NAME OF PUBLIC

As at 26 March 2018, approximately 27.27% 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 Catalyst Rules.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of substantial shareholder	Direct interest	%	Deemed interest	%
Heng Fai Business Development Pte. Ltd.	760,431,394	69.04%	–	–
Chan Heng Fai ⁽¹⁾	625,000	0.06%	760,431,394	69.04%
Toh Soon Huat	40,000,000	3.63%	–	–

Note:

- (1) Heng Fai Business 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.

Statistics of Warrantholdings

As at 26 March 2018

SINGAPORE EDEVELOPMENT LIMITED (W211020)

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	0	0.00	0	0.00
100 - 1,000	0	0.00	0	0.00
1,001 - 10,000	6	9.37	24,250	0.01
10,001 - 1,000,000	46	71.88	10,224,955	1.95
1,000,001 AND ABOVE	12	18.75	513,036,640	98.04
TOTAL	64	100.00	523,285,845	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1	HENGFAL BUSINESS DEVELOPMENT PTE. LTD.	359,834,471	68.76
2	DOCUMENT SECURITY SYSTEMS, INC	105,982,759	20.25
3	LOH YIH	16,833,350	3.22
4	PHILLIP SECURITIES PTE LTD	6,956,330	1.33
5	KWOK YING CHOY	5,400,000	1.03
6	TAN HONG HUAT	5,000,000	0.96
7	KHOO HWEE SAN	2,800,000	0.54
8	CITIBANK NOMINEES SINGAPORE PTE LTD	2,605,165	0.50
9	LIM LEE LEE	2,500,000	0.48
10	M JEGIATHESAN S/O MURUGASU	2,500,000	0.48
11	RAFFLES NOMINEES (PTE) LIMITED	1,324,565	0.25
12	NG THIAN HOO	1,300,000	0.25
13	TEGUH ANDY	1,000,000	0.19
14	ANG HAY KIM	1,000,000	0.19
15	TEO ENG LEE	850,000	0.16
16	SEOW YIN KHOI	738,000	0.14
17	CHEW CHIN WEE (ZHOU JINGWEI)	700,830	0.13
18	LEE KUNFENG DANIEL	700,000	0.13
19	NG KEE CHUAN	500,000	0.10
20	NG WAI YI	500,000	0.10
	TOTAL	519,025,470	99.19

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

Exercise Period : Commencing on 21 October 2016 and expiring at 5.00 p.m. on a date falling 60 months after 21 October 2016, 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

Statistics of Warrantholdings

As at 26 March 2018

SINGAPORE EDEVELOPMENT LIMITED (W220321)

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	0	0.00	0	0.00
100 - 1,000	0	0.00	0	0.00
1,001 - 10,000	0	0.00	0	0.00
10,001 - 1,000,000	0	0.00	0	0.00
1,000,001 AND ABOVE	1	100.00	1,864,275,000	100.00
TOTAL	1	100.00	1,864,275,000	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1	HENGFAI BUSINESS DEVELOPMENT PTE. LTD.	1,864,275,000	100.00
	TOTAL	1,864,275,000	100.00

Exercise Price : S\$0.048 for each New Share on the exercise of a Warrant

Exercise Period : Commencing on 22 March 2017 and expiring at 5.00 p.m. on a date falling 60 months after 22 March 2017, 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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore eDevelopment Limited (the “**Company**”) will be held at 1 Raffles Boulevard, Suntec City, Room 335 Suntec Convention Centre, Singapore 039593 on Monday, 30 April 2018 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 2017 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of up to S\$200,000 and for payment of such Directors’ fees half yearly in arrears for the financial year ending 31 December 2018. (2017: S\$230,000) **(Resolution 2)**
3. To re-appoint Foo Kon Tan LLP Public Accountants and Chartered Accountants as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company’s Constitution:

Mr Chan Heng Fai [See Explanatory Note (i)] **(Resolution 4)**
Mr Tao Yeoh Chi [See Explanatory Note (ii)] **(Resolution 5)**
5. To re-elect the following Directors retiring pursuant to Regulation 88 of the Company’s Constitution:

Mr Lam Lee G. [See Explanatory Note (iii)] **(Resolution 6)**
Mr Chan King Fai [See Explanatory Note (iv)] **(Resolution 7)**
Mr Wong Shui Yeung [See Explanatory Note (v)] **(Resolution 8)**
6. To transact any other ordinary business which may properly be transacted at an 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. (the “**Act**”) and Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**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 new Shares to be allotted and issued, including but not limited to the creation, allotment 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 of the Company may in their absolute discretion deem fit; and

Notice of Annual General Meeting

- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, allot and issue new Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution is in force,

provided that:-

- (1) the aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be allotted and issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new Shares to be allotted and issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (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 new Shares that may be allotted and issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings 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 Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being; 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 (vi)].

(Resolution 9)

Notice of Annual General Meeting

8. **Authority to offer and grant share options and issue Shares in accordance with the Singapore eDevelopment Limited Share Option Scheme**

“THAT the Directors of the Company be and are hereby authorised to offer and grant share options in accordance with the Singapore eDevelopment Limited Share Option Scheme adopted on 20 November 2013 (the “**Option Scheme**”) and to allot and issue such Shares as may be required to be allotted and issued pursuant to the exercise of the share options under the Option Scheme, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Option Scheme, the Share Plan (as defined in Resolution 11 below) and any other share based incentive schemes of the Company shall not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company from time to time.”

[See Explanatory Note (vii)]

(Resolution 10)

9. **Authority to offer and grant share awards and issue Shares in accordance with 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 allot and issue such Shares as may be required to be allotted and issued under the Share Plan, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan, the Option Scheme and any other share based incentive schemes of the Company shall not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company from time to time.”

[See Explanatory Note (viii)]

(Resolution 11)

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 13 April 2018

Explanatory Notes:

(i) Mr Chan Heng Fai, if re-elected as Director, will remain as the Executive Chairman and CEO of the Company. Further information on Mr Chan Heng Fai can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Statement” in the Annual Report 2017.

(ii) Mr Tao Yeoh Chi will, upon re-election as a Director of the Company, remain as the Lead Independent Director and a member of the Nominating 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 Tao Yeoh Chi does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Tao Yeo Chi can be found under the sections entitled “Board of Directors” and the “Corporate Governance Report” in the Annual Report 2017.

(iii) Mr Lam Lee G., if re-elected as Director, will remain as an Independent Non-Executive Vice Chairman of the Company.

Mr Lam Lee G. does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Lam Lee G. can be found under the sections entitled “Board of Directors” and the “Corporate Governance Report” in the Annual Report 2017.

Notice of Annual General Meeting

- (iv) Mr Chan King Fai will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, a member of the Audit and Risk Management Committee, Nominating Committee and the Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Chan King Fai does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Chan King Fai can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

- (v) Mr Wong Shui Yeung will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, Chairman of the Audit and Risk Management Committee and the Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Wong Shui Yeung does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Wong Shui Yeung can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

- (vi) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution 9 until the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to allot and issue new Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 9) to be allotted and issued pursuant to Ordinary Resolution 9 shall not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company as at the date of the passing of Ordinary Resolution 9. For the allotment and issue of new Shares other than on a pro rata basis to existing shareholders of the Company, the aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 9) to be allotted and issued pursuant to Ordinary Resolution 9 shall not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company as at the date of the passing of Ordinary Resolution 9. This authority will, unless previously revoked or varied by the Company in general meeting, expire at the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
- (vii) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors of the Company, to offer and grant share options and to allot and issue such Shares as may be required to be allotted and issued pursuant to the exercise of the share options under the Option Scheme
- (viii) The Ordinary Resolution 11 proposed in item 9 above, if passed, will empower the Directors of the Company, to offer and grant share awards and to allot and issue such Shares as may be required to be allotted and issued under the Share Plan.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. 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 Annual General Meeting, 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. The proxy form must be deposited at the registered office of the Company at **7 Temasek Boulevard #29-01B, Suntec Tower One, Singapore 038987**, not less than **72 hours** before the time appointed for holding the Annual General Meeting.
5. Where the proxy form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

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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 Shareholding	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting of the Company (“**AGM**”) as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM to be held at 1 Raffles Boulevard, Suntec City, Room 335 Suntec Convention Centre, Singapore 039593 on Monday, 30 April 2018 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The Resolutions proposed at the AGM as indicated hereunder will be put to vote at the AGM by way of poll.

(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 2017		
2.	Approval of Directors’ fees of up to S\$200,000 and for payment of such Directors’ fees half yearly in arrears for the financial year ending 31 December 2018		
3.	Re-appointment of Foo Kon Tan LLP Public Accountants and Chartered Accountants as Auditors of the Company and to authorise the Directors to fix their remuneration		
4.	Re-election of Mr Chan Heng Fai as Director of the Company		
5.	Re-election of Mr Tao Yeoh Chi as Director of the Company		
6.	Re-election of Mr Lam Lee G. as Director of the Company		
7.	Re-election of Mr Chan King Fai as Director of the Company		
8.	Re-election of Mr Wong Shui Yeung as Director of the Company		
9.	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act, Chapter 50		
10.	Authority to offer and grant share options and issue shares in accordance with the Singapore eDevelopment Limited Share Option Scheme		
11.	Authority to offer and grant share awards and issue shares in accordance with the Singapore eDevelopment Limited Performance Share Plan		

Dated this _____ day of _____ 2018

Total Number of Shares Held

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.



NOTES:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you.
2. 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 of the Company ("**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.
3. 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.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **7 Temasek Boulevard #29-01B, Suntec Tower One, Singapore 038987**, not less than **72 hours** before the time set for the AGM.
6. Where the proxy form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
7. Where the proxy form is executed under the hand of an attorney duly authorised, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form 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 AGM, in accordance with Section 179 of the Act.

GENERAL:

The Company shall be entitled to reject a proxy form 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 proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a proxy form 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 appointed for holding 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

Chan Heng Fai
Chan King Fai
Chan Tung Moe
Lam Lee G.
Tao Yeoh Chi
Wong Shui Yeung
Wong Tat Keung

REGISTERED OFFICE

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Fax: +65 6333 9164
Email: Contact@Sed.com.sg

COMPANY SECRETARY

Gn Jong Yuh Gwendolyn
(LLB Hons)
1 Robinson Road
#18-00 Aia Tower
Singapore 048542

AUDITORS

Foo Kon Tan LLP
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621
Partner In Charge: Chin Sin Beng
(Since Financial Year Ended
31 December 2017)

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#02-05 Hong Leong Building
Singapore 048581





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