SINGAPORE eDEVELOPMENT

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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 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.

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

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") is involved in (i) international 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 leveraging on the management's expertise and experience with a view to enhancing shareholder value.

CEO'S MESSAGE

DEAR SHAREHOLDERS,

It has been three years since I took the helm of Singapore eDevelopment Limited ("SeD" or "the Group") as single-largest shareholder as well as Chief Executive Officer ("CEO"). It has been an arduous task towards corporate recovery, one which required determination, financial commitment and hard work to draw up the blueprint of corporate recovery and take the decisive actions to make it a reality.

It is a work in progress three years on. We were consumed during the entire period under review and the months subsequent to the financial year-end with efforts to harden this blueprint so that there is a clear pathway to recovery. This report before you sets out not just the financial performance of the financial year ended 31 December 2016 ("FY2016") but also, I believe, a credible roadmap to improve shareholder value.

I have much "skin in the game", so to speak. At the time of writing, I have invested – directly and indirectly – approximately S$45.4 million of personal cash in this Group.

I am very aligned with all shareholders of SeD. I will do my best not to let you down. Allow me, then, to set forth this blueprint.

Immediately after we decided to exit the legacy loss-making Singapore construction business, we embarked on two main businesses – property development, chiefly in the United States; and Information Technology. Since then, we have expanded the activities of the property business and included two new business opportunities – investment activities and the biomedical sector. The strategic shift is clear: we are pursuing asset-light opportunities which not only leverage on the global network and capital restructuring capabilities of the senior management, but which can also accelerate corporate recovery.

INTERNATIONAL PROPERTY DEVELOPMENT BUSINESS

SeD had initially started in FY2014 with land sub-division activities in Houston, Texas ("Black Oak") and a 197-acre sub-division development near Washington D.C. in Frederick County, Maryland ("Ballenger Run"). During the year under review inclement weather delayed construction for both U.S. projects. We have since resolved all related issues and expect to recognise revenue from Black Oak and Ballenger Run in FY2017.

As approved by shareholders at an Extraordinary General Meeting ("EGM") on 24 January 2017, we are enlarging the scope of property-related services. These activities, which will be carried out through our U.S. entity SeD Home Inc., include financing, home management, realtor services, insurance and home title validation.

As Black Oak and Ballenger Run require long gestation periods, the expansion of our property-related activities gives us more flexibility to secure earnings in the near to medium term.

We also intend to embark on homebuilding activities in partnership with U.S. homebuilders, and have commenced discussions to acquire smaller U.S. homebuilding projects or ongoing projects to renovate homes. These will provide us with an alternative revenue stream.

In line with the Board's direction for SeD Home Inc. to seek funding from sources other than SeD, we have restructured SeD Home Inc.'s balance sheet by converting existing debt to equity.

Although it is still early days, we believe these initiatives will create a more holistic set of solutions for property development in the U.S. and tap opportunities for SeD Home Inc. to enhance shareholder value.

CEO'S MESSAGE

INFORMATION TECHNOLOGY BUSINESS

At the beginning of FY2016, we reduced funding for our mobile platform, HotApp, which was also restructured. Instead of the previous business-to-consumer ("B2C") model HotApp now focuses 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.

The change in direction has begun to pay off; HotApp has secured two contracts, valued at a total of approximately S$325,000. The first contract is to develop a mobile app and backend platform for a real estate agency business in China. The second contract is to develop a hospitality e-commerce business in Hong Kong and Japan.

In February 2017, HotApp announced a revenue-sharing agreement with SeD's 53%-owned network marketing subsidiary, iGalen International Inc ("iGalen"). Under the agreement, HotApp has customised a secure app for iGalen's communication and management system. The app enables instant messaging, voice calls, social media, and personal brand-building for iGalen members, among other functions. The platform is fully integrated with iGalen's existing infrastructure, underscoring the uniqueness and flexibility of HotApp's enterprise offerings.

HotApp is working with major technology partners in the U.S. to enhance its platform in the area of cloud communication, conferencing, instant messaging and collaboration. Through these partnerships, HotApp intends to focus on various verticals such as hospitality, healthcare and wellness, small medium enterprises and network marketing.

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 secured contracts in FY2016 with an aggregate value of approximately S$71,000 in cash and S$724,000 in convertible notes. 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

As approved by shareholders at the 24 January 2017 EGM, SeD has formed a new asset-light biomedical division, SeD BioMedical Inc., which will develop, research, manufacture and distribute biomedical products and services.

On 13 March 2017, we announced the appointments of senior management for SeD BioMedical Inc. – Dr Rajen Manicka, a pharmacist with a Doctorate in Holistic Medicine who is also the Chairman and Chief Executive Officer of Holista CollTech Limited ("Holista"), a research-driven biotechnology company listed on the Australian Securities Exchange. He has experience in Big Pharma having worked in Ranbaxy, Roche and Ciba Geigy. Spearheading the research will be two-time Nobel Prize nominee Mr Daryl Thompson, whose main research focus is to develop a broad-spectrum universal therapeutic for neurology (Alzheimer's), oncology and infectious diseases based on two patents in his name.

SeD currently holds 80% of SeD BioMedical Inc., with the balance held equally by Global Research and Discovery Group Scientific LLC ("GRDGS") and Holista. While the agreements are still being formalised, it is envisaged that GRDGS will assign its biomedical intellectual property to SeD BioMedical Inc. These include patents for a universal small molecule therapeutic formula based on a synthetic enhancement of a naturally occurring powerful bioflavinoid to treat and prevent pro-inflammatory-derived diseases. The project is code-named *Linebacker*.

SeD BioMedical Inc. will leverage existing research findings from the development of *Linebacker*, which has established therapeutic efficacy against neurological diseases, diabetes, and viruses including rhinovirus, influenza and Ebola.

SeD BioMedical Inc. will build upon GRDGS' existing research collaboration with Charles River Laboratories and their centres of excellence in Finland and Germany to carry out synthesis, human cell line and transgenic mice studies to produce highly valuable data.

The Group has also entered into a Letter of Intent to acquire a stake in an Over-The-Counter-listed biomedical company, Amarantus BioScience Holdings, Inc. ("AMBS") in exchange for stakes in up to four biotechnology platforms, which it has identified as part of its collaboration with GRDGS (the "Asset Swap"). The Asset Swap will give SeD BioMedical Inc. a major stake in AMBS at a significant discount.

In line with the expansion into biomedical activities, we announced on 14 February 2017 that we would acquire a 53%-stake in iGalen, the network marketing arm (described above) which sources and distributes health supplements. We are pleased to report that iGalen has started off exceptionally well. In the first 30 days of operations, it achieved revenue of the equivalent of S$977,912, recording 1,500 orders across a network of 4,400 distributors in North America –

CEO'S MESSAGE

all from sales of a single ground-breaking product, *Emulin+*. As iGalen expands its product portfolio and distribution network, we are confident that it will contribute substantially to the Group's revenue.

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

CORPORATE DEVELOPMENTS

As announced on 11 May 2016, we completed the private placement of 117 million new shares to Hengfai Business Development Pte Ltd ("HBD"), raising S$7.0 million. The majority of the proceeds were used for the early redemption of all 20 Exchangeable Notes, strengthening SeD's balance sheet and resulting in interest savings of approximately S$681,000.

On 27 June 2016, we announced a rights issue to raise general working capital to fund the Group's businesses. The exercise, involving the issuance of 139.1 million Rights Shares with Warrants at S$0.04 each for every three existing ordinary shares, raised net proceeds of approximately S$5.6 million.

At an EGM convened on 22 March 2017, shareholders approved the capitalisation of a loan from HBD, through the issuance of 372.9 million new shares at a conversion price of S$0.04 each. The transaction will comprise five free detachable warrants for every conversion share, with an exercise price of S$0.048 each. The capitalisation of the loan will improve SeD's balance sheet and reduce its gearing ratio, which in turn will allow 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 721.1 million shares as at 29 March 2017, as compared to 300.3 million shares a year ago.

FINANCIAL PERFORMANCE IN FY2016

As our main property projects, Black Oak and Ballenger Run will only commence revenue recognition in FY2017 when lots are handed over to buyers, the Group recorded revenue of S$1.7 million in FY2016, compared to S$4.3 million a year ago. The revenue comprised contributions from our home incubation project, which consists of the sale of single family homes with existing tenants to Asian investors, HotApp and investment business.

The Group incurred a net loss attributable to owners of the Company of S$7.1 million in FY2016 compared to S$3.3 million a year ago, mainly due to low revenue from existing property projects.

The various initiatives executed over the past year will allow 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 Lum Kan Fai Vincent and Mr Cui Peng retired as Executive Directors on 30 April 2016;
- Mr Teh Wing Kwan resigned as Non-Independent Non-Executive Director on 2 August 2016; and
- Mr Basil Chan and Mr Chan Yu Meng will not be seeking re-election at the upcoming Annual General Meeting and will be stepping down on 28 April 2017 as Non-Executive Chairman and Independent Director, respectively.

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 Chan Tung Moe who was appointed as an Executive Director on 12 January 2016 and Mr Wong Tat Keung who was appointed as Independent Non-Executive Director on 27 January 2017.

In view of the changes in Directorships, the Board will be appointing two new Independent Non-Executive Directors and will provide updates in due course.

OUTLOOK

While we have faced many challenges against a backdrop of continued market uncertainty, FY2016 has nevertheless been a transformational year for the Group. We overcame these obstacles by remaining nimble-footed and flexible, and seizing emerging opportunities. Our vision has become clearer. The new capital injected, restructuring of loans, introduction of two new businesses and the induction of new board members and management all combine to build a stronger foundation and hasten our quest to enhance shareholder 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 2017

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

The Group recorded revenue of S$1.7 million in FY2016 compared to S$4.3 million for the previous financial year ended 31 December 2015 ("FY2015"). The lower revenue was primarily due to the lower number of single-family homes in El Tesoro which were delivered to buyers (5 units in FY2016 compared to 17 units in FY2015). This was partially offset by the maiden revenue contribution from the Group's investment and info-tech businesses.

In line with the lower revenue, gross profit decreased to S$223,000 in FY2016 compared to S$746,000 in FY2015.

OTHER INCOME

Other income amounted to S$1.3 million in FY2016 compared to S$6.4 million in FY2015. The higher amount in FY2015 was due to S$4.8 million fair value gain on the exchangeable notes. As at 31 December 2016, the exchangeable notes had been fully redeemed and a fair value gain of S$0.5 million was recognised.

EXPENSES

Total operating expenses, comprising marketing, research and development and administrative expense, reduced significantly to S$6.4 million in FY2016 compared to S$9.6 million in FY2015 mainly due to the restructuring and cost containment exercise of HotApp.

Other expenses increased to S$2.4 million from S$1.2 million over the comparative periods mainly due to the loss on early redemption of the exchangeable notes of S$0.4 million and the write down of S$0.6 million for the Mandurah project in Australia.

Finance costs decreased more than half to S$56,000 in FY2016 from S$139,000 in FY2015 due to the redemption of the private bond in FY2016.

BOTTOM LINE

As a result, the Group posted a net loss attributable to owners of the Company of S$7.1 million in FY2016 compared to S$3.3 million a year ago.

BALANCE SHEET

The Group's non-current assets decreased to S$197,000 as at 31 December 2016 from S$635,000 as at 31 December 2015 due to the depreciation, disposal, and impairment of property, plant and equipment as well as the divestment of an associate.

Current assets increased to S$82.4 million as at 31 December 2016 from S$71.8 million a year ago due to higher properties under development of S$71.1 million following the construction progress of Black Oak and Ballenger Run.

FINANCIAL REVIEW

This was partially offset by lower trade and other receivables following the drawdown of a loan previously held by the lender for Black Oak as well as S$3.2 million decrease in cash and bank balances during the year.

Total liabilities increased to S$53.1 million as at 31 December 2016 from S$48.6 million as at 31 December 2015. This is mainly due to higher trade and other payables for Black Oak, Ballenger Run as well as deferred revenue from its investment business, as well as higher loans and borrowings drawn down during the year. The increase in loans and borrowings of S$5.0 million is mainly attributable to the additional loan drawdown of S$8.4 million for Ballenger Run in FY2016 and three corporate bonds issued by a Hong Kong subsidiary worth S$0.7 million each. These were partially offset by the S$2.8 million repayment of private bond and S$3.5 million redemption of exchangeable notes in FY2016. There was no provision for claims or derivatives liabilities recognised as at 31 December 2016 as the provision for claims had been fully written back and the exchangeable notes were fully redeemed in FY2016, respectively.

The Group's working capital position increased to S$31.3 million as at 31 December 2016 compared to S$26.7 million a year ago.

STATEMENT OF CASH FLOWS

Net cash used in operating activities decreased to S$24.8 million in FY2016 compared to S$36.9 million in FY2015, mainly due to a relatively lower increase in properties under development during the year.

The Group generated S$362,000 net cash from investing activities in FY2016 compared to S$736,000 net cash used in investing activities in FY2015. This was mainly due to the proceeds from the disposal of the Group's stake in an associate.

Net cash from financing activities decreased to S$21.3 million as at FY2016 compared to S$23.6 million as at FY2015. In FY2016, net cash from financing activities comprised loans and borrowings of S$14.4 million mainly due to the drawdown of loan for Ballenger Run; proceeds of S$13.1 million arising from issuance of new shares to HBD comprising S$7.0 million pursuant to a private placement and S$6.1 million raised from 2016 rights cum warrants issue; proceeds from corporate bonds of S$2.2 million; the redemption of exchangeable notes amounting to S$5.0 million; and the repayment of a private bond amounting to S$2.8 million.

The Group's cash and cash equivalents decreased to S$3.9 million as at 31 December 2016 from S$7.1 million as at 31 December 2015.

BOARD OF DIRECTORS

MR BASIL CHAN

Independent Non-Executive Chairman

Mr Basil Chan was appointed as an Independent Non-Executive Director on 1 March 2014. He is currently the Independent Non-Executive Chairman of the Group and is also the Chairman of the Company's Audit & Risk Management Committee. Mr Basil Chan was last re-elected to the Board in April 2016.

He is the founder and managing director of MBE Corporate Advisory Pte Ltd, and sits on the boards of several other public listed companies in Singapore as their independent non-executive director. Mr Basil Chan has more than 32 years of experience in audit, financial and general management, having held senior financial and management positions in both private and listed companies. Mr Basil Chan was formerly a director and member of the Governing Council of the Singapore Institute of Directors ("SID") where he had served for almost 12 years. He is currently a member of SID's Audit Committee Chapter where he heads the Education Committee.

Mr Basil Chan also serves as an independent non-executive director of Yoma Strategic Holdings Limited, Global Invacom Group Limited, AEM Holdings Limited and Grand Banks Yachts Limited, all of which are listed on the SGX-ST. Mr Basil Chan previously served as an independent non-executive director of SBI Offshore Limited which is listed on the SGX-ST.

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

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

MR CHAN HENG FAI

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 Holista CollTech Limited.

He is 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 recapitalised, refocused and grew the bank's operations. Under his guidance, it became a NASDAQ-listed high asset quality bank with zero loan losses for five consecutive years before it was ultimately bought and merged into Riverview Bancorp Inc. Prior to its acquisition and merger, it was ranked #13 by the Seattle Times "Annual Northwest's Top 100 Public Companies" and #6 in Oregon, U.S., ahead of leading brands such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

BOARD OF DIRECTORS

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 the 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 Master's Degree in Business Administration with honours from the University of Western Ontario, a Master's Degree in Electro-Mechanical Engineering with honours and a Bachelor's Degree in Applied Science with honours from the University of British Columbia.

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

MR CHAN YU MENG

Independent Non-Executive Director

Mr Chan Yu Meng was appointed as an Independent Non-Executive Director on 27 June 2013. He is currently the Chairman of the Company's Nominating Committee. Mr Chan Yu Meng was last re-elected to the Board in April 2016.

Mr Chan Yu Meng graduated from the University of Durham and is called to the Singapore Bar. He is a partner in the corporate department of Lee & Lee, a law firm in Singapore. He has more than 15 years of experience and currently practises in the areas of mergers and acquisitions, capital markets, corporate finance, corporate restructuring, securities law, stock exchange practice and corporate secretarial matters. He also has prior experience as a litigation counsel representing clients in both civil and criminal matters. He has previously served as an independent director on SGX-listed companies and is currently an ordinary member of the Singapore 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 Chairman of the Company's Remuneration 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 is also a director of STT Communications (Shanghai) Co. Ltd, and SGX-listed Sapphire Corporation 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 TAT KEUNG

Independent Non-Executive Director

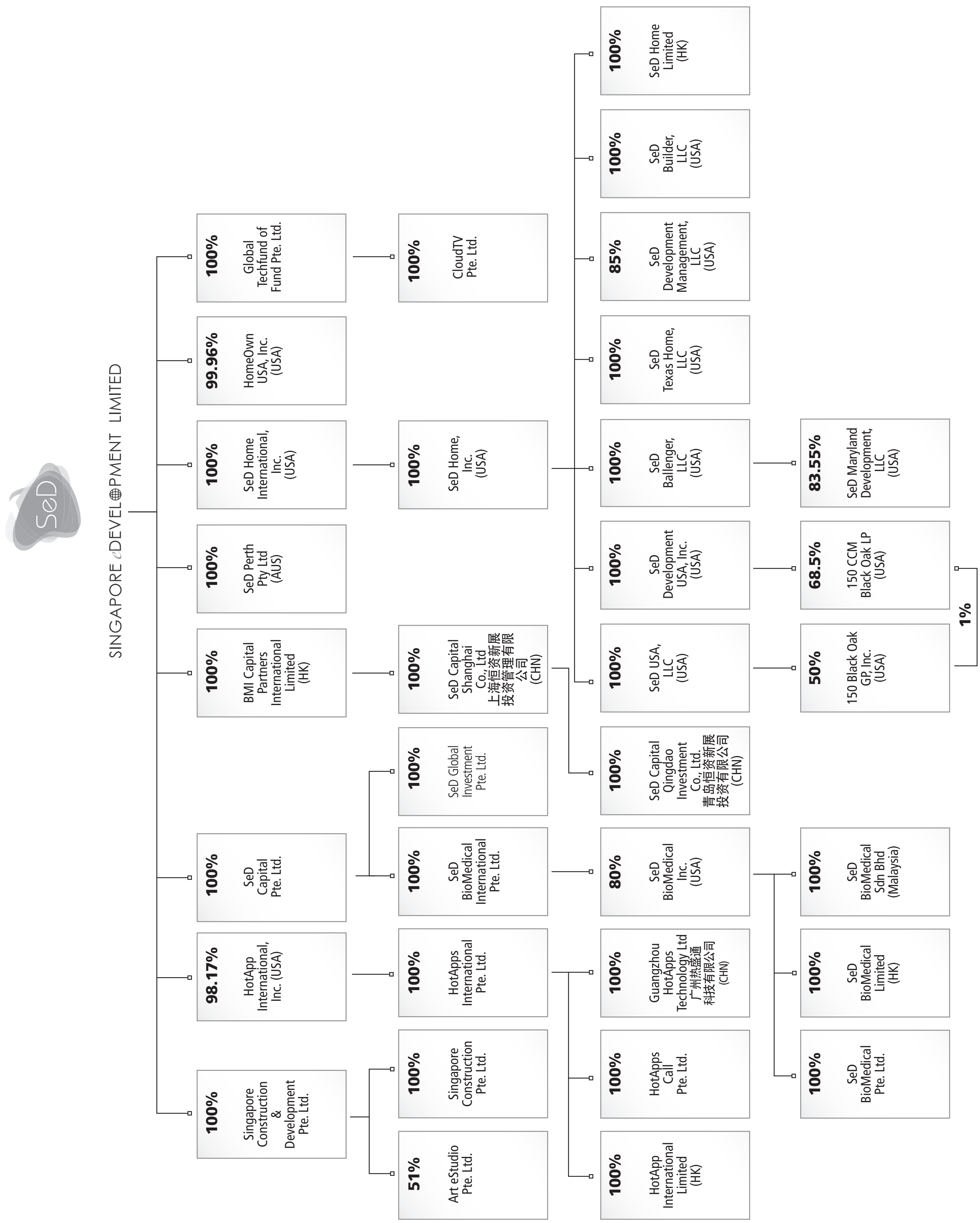
Mr Wong Tat Keung was appointed as an Independent Non-Executive Director on 27 January 2017. He currently sits on the Company's Audit & Risk Management Committee.

Mr Wong Tat Keung has over 20 years' experience in audit, accounting, taxation and business advisory. He has most recently practised as a Certified Public Accountant and director at Aston Wong CPA Ltd since 2010, and 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.

GROUP STRUCTURE



CORPORATE GOVERNANCE REPORT

Singapore eDevelopment Limited – Corporate Governance Report for FY2016

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 Shareholder 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 2016 ("**FY2016**"). 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.

CORPORATE GOVERNANCE REPORT

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

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

CORPORATE GOVERNANCE REPORT

The number of the Board, ARMC, NC and RC meetings and the attendance of each Director during his appointment, at the meetings for FY2016 is as follows: Guideline 1.4

	Board		Audit & Risk Management Committee		Remuneration Committee		Nominating Committee	
Name of Director	**No. of meetings held***	**No. of meetings attended**	**No. of meetings held***	**No. of meetings attended**	**No. of meetings held***	**No. of meetings attended**	**No. of meetings held***	**No. of meetings attended**
Basil Chan	12	12	5	5	2	2	N.A.	N.A.
Chan Heng Fai	12	12	N.A.	N.A.	N.A.	N.A.	2	2
Chan Tung Moe(1)	11	10	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Yu Meng	12	12	5	5	2	2	2	2
Tao Yeoh Chi	12	12	5	5	2	2	2	2
Cui Peng(2)	5	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Vincent Lum Kan Fai(3)	5	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Teh Wing Kwan(4)	8	8	3	3	N.A.	N.A.	N.A.	N.A.
Wong Tat Keung(5)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:

* Number of meetings held during his appointment as a Director of the Company.

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

(2) Cui Peng retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(3) Vincent Lum Kan Fai retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(4) Teh Wing Kwan resigned as a Non-Independent Non-Executive Director and ceased to be a member of the ARMC with effect from 2 August 2016.

(5) 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.

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

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

CORPORATE GOVERNANCE REPORT

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 six (6) Directors, out of which four (4) are Independent Non-Executive Directors and the remaining two (2) are Executive Directors. 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 Basil Chan, Mr Chan Yu Meng, Mr Tao Yeoh Chi and Mr Wong Tat Keung 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 Director 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

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 FY2016. 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 38 and 39 of this Annual Report.

CORPORATE GOVERNANCE 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 Chairman and the CEO are separate persons and are not immediate family members, the Company is not required to, and accordingly has not appointed a lead independent director. There is clear separation of the roles and responsibilities between the Chairman and the CEO in order to maintain effective oversight. 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

The Chairman who is an Independent Non-Executive Director 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, the CEO 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.

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 two (2) Independent Non-Executive Directors, namely, Mr Chan Yu Meng (Chairman of the NC) and Mr Tao Yeoh Chi, 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;

CORPORATE GOVERNANCE REPORT

- 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.

Pursuant to Regulation 89 of 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

Mr Basil Chan shall retire as the Independent Non-Executive Chairman pursuant to Regulations 89 and 90 of the Company's Constitution and he has indicated that he will not be standing for re-election at the forthcoming Annual General Meeting. Mr Basil Chan will cease to be a Director of the Company, the Chairman of the ARMC and a member of the RC with effect from the close of the forthcoming Annual General Meeting.

Mr Chan Yu Meng shall retire as an Independent Non-Executive Director pursuant to Regulations 89 and 90 of the Company's Constitution and he has indicated that he will not be standing for re-election at the forthcoming Annual General Meeting. Mr Chan Yu Meng will cease to be a Director of the Company, the Chairman of the NC, and a member of the ARMC and RC with effect from the close of the forthcoming Annual General Meeting.

Following the retirement of Mr Basil Chan and Mr Chan Yu Meng, the Board will comprise of four (4) Directors, two (2) of whom are Executive Directors and the remaining two (2) are Independent Non-Executive Directors. The Board has identified candidates to be appointed as Independent Non-Executive Directors and shall make the relevant announcements regarding their appointments in due course.

Pursuant to Regulation 90 of the Company's Constitution, Directors to retire by rotation in accordance with Regulation 89 of the Company's Constitution shall include any Director who wishes to retire and not offer himself for re-election. The current Board comprises of six (6) Directors. Accordingly, the retirement of Mr Basil Chan and Mr Chan Yu Meng constitutes one-third of the Directors for the time being. Therefore, no nominations have been made for the re-election of Directors pursuant to Regulations 89 and 90 of the Company's Constitution.

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. Mr Wong Tat Keung was appointed to the Board as an Independent Non-Executive Director with effect from 27 January 2017. Accordingly, Mr Wong Tat Keung shall retire as an Independent Non-Executive Director pursuant to Regulation 88 of the Company's Constitution. The NC has recommended to the Board that Mr Wong Tat Keung be nominated for re-election at the forthcoming Annual General Meeting in accordance with Regulation 88 of the Company's Constitution. Mr Wong Tat Keung will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director and a member of the ARMC. Mr Wong Tat Keung is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Guideline 4.7

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 FY2016.

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 7 and 8 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 38 and 39 of this Annual Report. Guideline 4.7

				Directorships in other listed companies	
Name of Director	**Appointment**	**Date of first appointment**	**Date of last re-election**	**Current**	**Past three (3) years**
Basil Chan	Independent Non-Executive Chairman	1 March 2014	29 April 2016	YOMA Strategic Holdings Limited Global Invacom Group Limited AEM Holdings Limited Grand Banks Yachts Limited	SBI Offshore Limited
Chan Heng Fai	Executive Director 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[1]	Executive Director	12 January 2016	N.A.	–	RSI International Systems Inc
Chan Yu Meng	Independent Non-Executive Director	27 June 2013	29 April 2016	–	PSL Holdings Limited
Tao Yeoh Chi	Independent Non-Executive Director	27 June 2013	27 April 2015	Sapphire Corporation Limited	Hanwell Holdings Limited
Wong Tat Keung[5]	Independent Non-Executive Director	27 January 2017	N.A.	ROMA Group Limited	ZH International Holdings Ltd

CORPORATE GOVERNANCE REPORT

Notes:

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

(2) Cui Peng retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(3) Vincent Lum Kan Fai retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(4) Teh Wing Kwan resigned as a Non-Independent Non-Executive Director and ceased to be a member of the ARMC with effect from 2 August 2016.

(5) 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.

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

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.

CORPORATE GOVERNANCE REPORT

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

Guideline 6.3

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

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 Tao Yeoh Chi (Chairman of the RC), Mr Basil Chan and Mr Chan Yu Meng.

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

Guideline 7.3

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 7.4

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

In determining remuneration packages, the Company considers the remuneration and employment conditions within the industry. The expenses of any external expert advice on remuneration matters sought by the RC, where such advice is deemed necessary, shall be borne by the Company. No remuneration consultants were engaged by the Company during FY2016. 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.

The remuneration of the Executive Directors and key management personnel for FY2016 comprised of a fixed component in the form of a base salary. There is currently no variable component as part of the remuneration of the Executive Directors and key management personnel. Going forward, the RC is reviewing the Group's remuneration policy 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 prior written notice or an amount equal to one (1) month 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 FY2016, amounted to S$223,500. The RC has recommended that Directors' fees of up to S$230,000 (2015: S$230,000) based on the same framework, shall be paid quarterly in arrears for the financial year ending 31 December 2017. Guideline 8.3

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

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

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 well-being 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 the success of the Group.

The following persons shall be eligible to participate 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.

1 The general framework of Directors' fees has been applicable to the Directors elected to the Board since the conclusion of the Annual General Meeting held on 28 April 2014.

CORPORATE GOVERNANCE REPORT

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.

- 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 FY2016, 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:

		Since commencement of the Option Scheme to end of financial year under review				
Name of Director	**Share options granted during financial year under review**	**Aggregate share options granted**	**Aggregate share options exercised**	**Aggregate share options forfeited**	**Aggregate share options outstanding as at end of financial year under review**	**Current exercise price S$**
Basil Chan	–	796,000	–	–	796,000	0.11
Chan Heng Fai	–	1,061,333	–	–	1,061,333	0.12
Chan Tung Moe(1)	–	–	–	–	–	–
Chan Yu Meng	–	530,667	–	–	530,667	0.12
Tao Yeoh Chi	–	530,667	–	–	530,667	0.12
Cui Peng(2)	–	–	–	–	–	–
Vincent Lum Kan Fai(3)	–	–	–	–	–	–
Teh Wing Kwan(4)	–	796,000	–	(796,000)	–	0.12
Wong Tat Keung(5)	–	–	–	–	–	–
Total	**–**	**3,714,667**	**–**	**(796,000)**	**2,918,667**	

CORPORATE GOVERNANCE REPORT

Notes:

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

(2) Cui Peng retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(3) Vincent Lum Kan Fai retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(4) Teh Wing Kwan resigned as a Non-Independent Non-Executive Director and ceased to be a member of the ARMC with effect from 2 August 2016.

(5) 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.

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

Guideline 9.5

Guideline 9.6

The objective of the Share Plan is to:

- give recognition to contributions made or to be made by employees of the Group by introducing a variable component to their remuneration package;

- 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 participant 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 participate 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.

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.

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- 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 FY2016 is as follows:

Guideline 9.1

Guideline 9.2

Guideline 9.3

	Total Remuneration (S$'000)	Salary %	Variable Bonus %	Directors' fee %	Total %
Directors					
Basil Chan	69	–	–	100	100
Chan Heng Fai	425	100	–	–	100
Chan Tung Moe(1)	342	100	–	–	100
Chan Yu Meng	50	–	–	100	100
Tao Yeoh Chi	50	–	–	100	100
Cui Peng(2)	61	100	–	–	100
Vincent Lum Kan Fai(3)	159	100	–	–	100
Teh Wing Kwan(4)	22	–	–	100	100
Wong Tat Keung(5)	–	–	–	–	–
Key Management Personnel					
Lui Wai Leung Alan	102	100	–	–	100
Ang Hay Kim	147	100	–	–	100
Chew Sien Lup	79	100	–	–	100
Tan Tiong Heng	50	100	–	–	100
Wei Rongguo	58	100	–	–	100

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Notes:

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

(2) Cui Peng retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(3) Vincent Lum Kan Fai retired as an Executive Director at the Annual General Meeting held on 29 April 2016.

(4) Teh Wing Kwan resigned as a Non-Independent Non-Executive Director and ceased to be a member of the ARMC with effect from 2 August 2016.

(5) 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.

The aggregate amount of the total remuneration paid to the top five (5) key management personnel (who are not Directors or the CEO) was S$436,000 in FY2016. 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 FY2016, 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 FY2016 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 FY2016 was S$7,000.

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 FY2016.

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 FY2016. 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.

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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

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. In addition, the Board also engaged BDO LLP ("**BDO**"), the outsourced internal auditor for the Group, during the year to conduct an internal audit on selected key risk areas of the Group and to make recommendations to enhance the internal controls and risk management framework and systems. Guideline 11.2

The Management presented an 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 FY2016. 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;

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- 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.

The Board relies on internal audit reports and the management letter prepared by the external auditors to report on any material non-compliance or internal control weaknesses. Based on internal controls established and maintained by the Group, the work done by the Group's external and internal auditors and reviews performed by 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 2016.

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 31 December 2016, the ARMC comprised three (3) Independent Non-Executive Directors, namely, Mr Basil Chan (Chairman of the ARMC), Mr Chan Yu Meng and Mr Tao Yeoh Chi. Mr Wong Tat Keung was appointed as a member of the ARMC with effect from 27 January 2017 and as at the date of this Corporate Governance Report, the ARMC comprises four (4) Independent Non-Executive Directors, namely, Mr Basil Chan (Chairman of the ARMC), Mr Chan Yu Meng, Mr Tao Yeoh Chi and Mr Wong Tat Keung. 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 full access to, and cooperation from the Management, and has full discretion to invite any Director, executive officer of the Company or other persons to attend its meetings. It may require any such Director, executive officer or other person in attendance to leave the meeting (temporarily or otherwise) to facilitate open discussion should they have an interest in the matter under discussion. 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 Guideline 12.4 Guideline 12.8

- establishing and reviewing the terms of reference for the ARMC annually;
- 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;

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- 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;
- 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. The aggregate amount of fees paid for the external auditors of the Group for FY2016 was S$309,000 and non-audit fees paid to the Company's Auditors during FY2016 was S$16,000. The ARMC has undertaken a review of all non-audit services provided by the auditors and they would not, in the ARMC's opinion, affect the independence of the auditors. The ARMC has further recommended that Ernst & Young LLP be nominated for re-appointment as the Company's Auditors at the forthcoming Annual General Meeting. Guideline 12.6 Guideline 12.9

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 FY2016, 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

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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 FY2016.

PRINCIPLE 13: INTERNAL AUDIT

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

The internal audit function is currently outsourced to BDO, a member firm of the international BDO network of auditing firms, and they report directly to the ARMC on audit matters and the CEO of the Company on administrative matters. BDO performs their work in accordance with the BDO Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal audit partner is Mr Willy Leow who is a Certified Internal Auditor. Guideline 13.1 Guideline 13.3

Guideline 13.4

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

The ARMC reviews the adequacy and effectiveness of the internal audit function annually and approves the appointment of the internal auditors. In particular, the ARMC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the system of internal controls, the ARMC is satisfied that the internal audit is effective, adequately resourced and has the appropriate standing within the Group. Guideline 13.1 Guideline 13.2

Guideline 13.5

The internal auditor has unfettered access to all the Group's documents, records and personnel, including the ARMC. The internal audit conducted by the internal auditor annually, 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

In line with the Board's commitment to maintain sound internal controls, the Board has continued to engage BDO to perform an internal audit for the financial year ending 31 December 2017.

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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. The Company has put in place a dedicated external investor relations team guided by the below described investor relations policy to promote regular, effective and fair communication with Shareholders. Guideline 15.1

The contact details of the Company's dedicated external investor relations team are as follows:

WeR1 Consultants Pte Ltd
Mr Ian Lau
Tel: (+65) 6737 4844
Email: ianlau@wer1.net

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 15.4 Guideline 16.3

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

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The Company conducts poll voting in accordance with the Catalist Rules for all resolutions tabled at general meetings and the detailed 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 FY2016 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.

MATERIAL CONTRACTS

On 10 May 2016, the Company entered into a placement agreement with Heng Fai Business Development Pte. Ltd., ("**HBD**"), a substantial Shareholder of the Company and a wholly-owned company of Mr Chan Heng Fai, an Executive Director and the CEO of the Company, and a controlling Shareholder of the Company, wherein 117 million new shares were issued at S$0.06 per share on 11 May 2016.

On 15 July 2016, the Company proposed to acquire 74,015,730 shares representing 99.96% interest in HomeOwnUSA Inc. from Cloudbiz International Pte. Ltd. ("**Cloudbiz**") for a consideration of S$98,000. Mr Chan Heng Fai is the ultimate beneficial owner of Cloudbiz. The acquisition was completed on 22 December 2016.

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During the last financial year, a US$15.0 (S$21.7) million loan facility was provided by HBD. As at 31 December 2016, US$10.5 (S$15.2) million ("**HBD loan**") has been drawn down to finance a land purchase. The loan facility is unsecured, bears an interest of 6% interest per annum starting from 1 January 2017 (interest-free prior to FY2017) and the outstanding loan of US$10.5 million is repayable upon demand before 31 December 2017.

On 26 January 2017, the Company announced the proposed conversion of HBD loan 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 exercise share, 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.

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 FY2016 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 2016, the Group has three (3) property development projects and the carrying value of these property development projects is S$71,098,000 which constitutes 86% of the Group's total current assets as at 31 December 2016.

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.

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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 FY2016 were as follows:

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)
Placement of 117,000,000 shares to Hengfai Business Development Pte. Ltd.(1)	Chan Heng Fai(2)	S$7,020,000	–
Principal redeemed on Exchangeable Notes(3)	Chan Heng Fai(2)	S$3,500,000	–
Principal redeemed on Exchangeable Notes(3)	Teh Wing Kwan(4)	S$500,000	–
Interest paid on Exchangeable Notes(3)	Chan Heng Fai(2)	S$780,000	–
Interest paid on Exchangeable Notes(3)	Teh Wing Kwan(4)	S$112,000	–
Premium paid on Exchangeable Notes(3)	Chan Heng Fai(2)	S$140,000	–
Premium paid on Exchangeable Notes(3)	Teh Wing Kwan(4)	S$20,000	–

Notes:

(1) The placement of 117,000,000 shares to Hengfai Business Development Pte. Ltd. was approved by Shareholders at a general meeting held on 29 April 2016.

(2) Mr Chan Heng Fai is an Executive Director and the CEO of the Company. Mr Chan Heng Fai is a director and the sole shareholder of Hengfai Business Development Pte. Ltd.. Accordingly, Hengfai Business Development Pte. Ltd. is an associate of Mr Chan Heng Fai.

(3) The Exchangeable Notes issued by the Company's former wholly-owned subsidiary, Singapore Construction & Development Pte. Ltd. (formerly known as CCM Property Pte. Ltd.), in 2014, which could be exchanged into new shares in the capital of the Company. The issuance of the Exchangeable Notes was approved by Shareholders at a general meeting held on 20 November 2013.

(4) Mr Teh Wing Kwan was a Non-Independent Non-Executive Director prior to his resignation on 2 August 2016.

Mr Chan Heng Fai had also provided a personal guarantee for the short-term loan of A$0.6 million from an Australian financial institution for land purchases for the Mandurah development in Perth, Western Australia. The interest rate is based on the weighted average interest rates applicable to each of the Business Markets Facility Components which ranges from 5.46% to 5.90% (2015: 5.53% to 6.15%) per annum. On 5 January 2017, the loan was renegotiated to be repayable on 31 December 2018.

During FY2016, the Company through its wholly-owned Hong Kong subsidiary has issued three (3) 8% US$500,000 corporate bonds with a 3-year maturity to external parties. Mr Chan Heng Fai has agreed to guarantee the principal amount of the corporate bonds for a period of three (3) years from the issue date up to US$5.0 million (equivalent to S$7.2 million).

No general mandate for interested person transactions from the Shareholders has been sought in respect of FY2016.

On 26 January 2017, the Company announced the proposed conversion of HBD Loan into new shares in the capital of the Company. For further details, please refer to the section entitled "Material Contracts" in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

UPDATE ON USE OF PROCEEDS

Utilisation of net proceeds from the 2016 Rights cum Warrants Issue

The net proceeds from the 2016 Rights cum Warrants Issue of approximately S$12.2 million have been partially utilised to fund the Group's property development projects, the Group's information technology business, the Group's investment business and general working capital. Accordingly, as at the date of this Corporate Governance Report, the utilisation of net proceeds is set out below:

		Amount of net proceeds		
Use of net proceeds	**Percentage allocation as disclosed in Offer Information Statement dated 27 September 2016 (%)**	**In accordance with percentage allocation as disclosed in Offer Information Statement dated 27 September 2016 (S$'000)**	**Utilised (S$'000)**	**Unutilised (S$'000)**
Funding the Group's property development projects including the Black Oak Project, the Mandurah Project, the Ballenger Run Project and other property related businesses under the Group's property development business	25	3,041	(1,059)	1,982
Funding of the Group's information technology business including HotApp	25	3,041	(1,175)	1,866
Funding the Group's investment business	5	608	(170)	438
General working capital	45	5,475	(3,716)	1,759
Total	**100**	**12,165**	**(6,120)**	**6,045**

An aggregate amount of approximately S$3.7 million had been used for general working capital of the Group and details of the principal disbursements are set out below:

	(S$'000)
Professional fees	1,022
Payroll	967
Directors' fees	190
Rental, office expenditure and other operating expenses	429
Repayment of performance bond	611
Short term loan to iGalen USA LLC	497
Total	3,716

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 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:

Use of net proceeds	**Percentage allocation (%)**	**Utilised (US$'000)**	**Unutilised (US$'000)**
Black Oak Project in the USA	100	500	836
Total	100	500	836

CORPORATE GOVERNANCE REPORT

NON-SPONSOR FEES

During FY2016, 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 SGX-ST 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.	12
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	12
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?	16
	(b) If a maximum number has not been determined, what are the reasons?	16
	(c) What are the specific considerations in deciding on the capacity of directors?	16
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	17
	(b) Has the Board met its performance objectives?	17
Independence of Directors		
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.	13

CORPORATE GOVERNANCE REPORT

Guideline	Questions	Page reference in the Annual Report
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?	23
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?	23
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	24
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.	24
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	24
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	24
	(c) Were all of these performance conditions met? If not, what were the reasons?	24
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?	18
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	28
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.	26
	(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?	26
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.	27
	(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.	27
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?	29

CORPORATE GOVERNANCE REPORT

Guideline	Questions	Page reference in the Annual Report
Communication with Shareholders		
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	29
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	29
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	30

DETAILS OF THE WHITEWASH WAIVER

Details of Whitewash Resolution

On 24 October 2016, the Company allotted and issued 118,562,296 shares ("**Rights Shares**") and 592,811,480 warrants ("**2016 Warrants**") to Mr Chan Heng Fai and Hengfai Business Development Pte. Ltd. (collectively, the "**Concert Party Group**") pursuant to the 2016 Rights cum Warrants Issue passed at an extraordinary general meeting of the Company held on 15 September 2016 and undertakings dated 19 August 2016 provided by the Concert Party Group to the Company.

Prior to the issue of the Rights Shares and the 2016 Warrants, Shareholders independent of the Concert Party Group had, at the same extraordinary general meeting of the Company held on 15 September 2016, passed an Ordinary Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group for all the shares in the capital of the Company not already owned or controlled by them, in the event an obligation to extend such an offer is incurred pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), as a result of, *inter alia*, the subscription of Rights Shares and the exercise of the 2016 Warrants into new shares (the "**Whitewash Resolution**"). For the purposes of the Whitewash Resolution, the acquisition of shares by the Concert Party Group upon exercise of the 2016 Warrants must be completed within five (5) years of the date of issue of the 2016 Warrants. Accordingly, the waiver pursuant to the Whitewash Resolution is valid from 24 October 2016 (being the date of the issue of the 2016 Warrants) to 24 October 2021 (being the date five (5) years from the date of issue of the 2016 Warrants). Further details on the 2016 Warrants and the Whitewash Resolution are set out in the Company's circular to Shareholders dated 31 August 2016.

Holdings and Interests of the Concert Party Group

As at 5 April 2017, being the latest practicable date (the "**Latest Practicable Date**"), the Concert Party Group holds or is interested in:

- 759,688,746 shares, representing approximately 69.42% of all the shares in issue;
- 1,061,333 employee share options;
- 470,817,230 2016 Warrants;
- 1,864,275,000 2017 Warrants; and
- an option to purchase 25,941,100 shares subject to the terms and conditions set out in a Stock Option Agreement dated 20 January 2017 entered into between Mr Chan Heng Fai and Mr Toh Soon Huat.

Save as disclosed, none of the Concert Party Group holds any voting rights in the Company and instruments convertible into, rights to subscribe for and options in respect of the shares as at the Latest Practicable Date.

Maximum Potential Interests of the Concert Party Group

The Concert Party Group would acquire a maximum potential interest of 91.00% in the Company's enlarged share capital of 3,430,439,860, based on the 1,094,286,297 shares in issue as at the Latest Practicable Date assuming:

- the Concert Party Group exercises all its 1,061,333 employee share options;
- the Concert Party Group exercises all its 470,817,230 2016 Warrants;
- the Concert Party Group exercises all its 1,864,275,000 2017 Warrants;
- the Concert Party Group exercises all the option to purchase 25,941,100 shares under the Stock Option Agreement; and
- no other holders of instruments convertible into, rights to subscribe for and options in respect of the shares, exercise and convert such instruments, rights and/or options.

Cautionary Statement

Shareholders should note that, having approved the Whitewash Resolution, Shareholders have waived their rights to receive a general offer from the Convert Party Group at the highest price paid by the Concert Party Group for shares in the past six (6) months preceding the commencement of the 2016 Rights cum Warrants Issue.
Shareholders should also note that, having approved the Whitewash Resolution, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the employee share options, the 2016 Warrants and the 2017 Warrants.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Singapore eDevelopment Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Basil Chan	(Independent Non-Executive Chairman)
Chan Heng Fai	(Executive Director and Chief Executive Officer)
Chan Tung Moe	(appointed on 12 January 2016 as Executive Director)
Chan Yu Meng	(Independent Non-Executive Director)
Tao Yeoh Chi	(Independent Non-Executive Director)
Wong Tat Keung	(appointed on 27 January 2017 as Independent Non-Executive Director)

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

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

Name of director	Direct Interest At 1 January 2016	Direct Interest At 31 December 2016	Direct Interest At 21 January 2017	Deemed interest At 1 January 2016	Deemed interest At 31 December 2016	Deemed interest At 21 January 2017
Ordinary shares of the Company						
Chan Heng Fai	46,750,000	62,333,333	70,933,333	38,250,000	261,906,163	261,906,163
Bonus Warrants of the Company						
Chan Heng Fai	8,780,434	–	–	17,124,347	–	–
Piggyback Warrants of the Company						
Chan Heng Fai	–	–	–	2,217,391	–	–
Exchangeable Notes issued by a subsidiary*						
Chan Heng Fai	–	–	–	14	–	–

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

Name of director	Direct Interest At 1 January 2016	Direct Interest At 31 December 2016	Direct Interest At 21 January 2017	Deemed interest At 1 January 2016	Deemed interest At 31 December 2016	Deemed interest At 21 January 2017
2016 Warrants of the Company						
Chan Heng Fai	–	34,916,665	34,916,665	–	514,894,815	514,894,815
Share options of the Company**						
Chan Heng Fai	–	–	25,941,100	–	–	–

** 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 Company in relation to the Singapore eDevelopment Share Option Scheme

Name of director	Direct Interest At 1 January 2016	Direct Interest At 31 December 2016	Direct Interest At 21 January 2017	Deemed interest At 1 January 2016	Deemed interest At 31 December 2016	Deemed interest At 21 January 2017
Chan Heng Fai	1,061,333	1,061,333	1,061,333	–	–	–
Basil Chan	796,000	796,000	796,000	–	–	–
Chan Yu Meng	530,667	530,667	530,667	–	–	–
Tao Yeoh Chi	530,667	530,667	530,667	–	–	–

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

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

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

DIRECTORS' STATEMENT

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.

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

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

During the financial year, the Company did not grant 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 2016 are as follows:

Grant date	Exercise price (S$)	Share options outstanding as at 1 January 2016	Share options granted	Share options forfeited	Share options outstanding as at 31 December 2016	Expiry date
31 December 2013	0.12	1,857,334	–	(796,000)	1,061,334	31 December 2018
31 December 2013	0.12	1,061,333	–	–	1,061,333	31 December 2023
31 December 2014	0.11	796,000	–	–	796,000	31 December 2019
Total		3,714,667	–	(796,000)	2,918,667	

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 end of financial year
Chan Heng Fai	–	1,061,333	–	1,061,333
Basil Chan	–	796,000	–	796,000
Chan Yu Meng	–	530,667	–	530,667
Teh Wing Kwan	–	796,000	(796,000)	–
Tao Yeoh Chi	–	530,667	–	530,667
Total	–	3,714,667	(796,000)	2,918,667

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

- No participant has received 5% or more of the total 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
- 2,918,667 share options were granted at a discount up to 50% of the market price

DIRECTORS' STATEMENT

Audit committee

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

Auditor

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

On behalf of the board of directors:

Basil Chan
Director

Chan Heng Fai
Director

Singapore
31 March 2017

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 (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement 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, the balance sheet and the statement of changes in equity 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 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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.

Material uncertainty related to going concern

We draw attention to Note 2.1 in the financial statements which discloses the conditions that indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the continued financial support from Hengfai Business Development Pte. Ltd. ("HBD"), a substantial shareholder of the Group.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Singapore eDevelopment Limited

Carrying value of properties under development

As at the year end, the Group has three property development projects as disclosed in Note 18. The carrying amount of these development projects is $71,098,000 (2015: $52,565,000), which constitutes 86% (2015: 73%) of the Group's total current assets as at 31 December 2016. As disclosed in Note 2.15, the projects are carried at lower of cost and net realisable value as at 31 December 2016 which requires management to make various assumptions and estimates in deriving the budgeted total costs to completion, including selling costs, and the estimated selling prices. As such, we have identified this as a key audit matter.

Our audit procedures included, amongst others, obtaining the project budgets approved by the board of directors and evaluating management's assumptions used in deriving the estimated selling price and budgeted development and selling costs for the development projects. We have evaluated management's revenue assumptions by comparing them with valuation reports. For the estimated costs, we performed inquiries with the project managers and compared the cost estimates to suppliers' quotations. In addition, we also performed sensitivity analysis of the significant assumptions used by management in deriving the net realisable value. We also evaluated the adequacy of the disclosures related to the properties in Note 18 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises 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 do 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 that 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 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 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Singapore eDevelopment Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Singapore eDevelopment Limited

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Weng Kwai Philip.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Continuing operations			
Revenue	4	1,703	4,337
Cost of sales		(1,480)	(3,591)
Gross profit		223	746
Other items of income			
Other income	5	1,319	6,366
Finance income	6	45	20
Other items of expense			
Marketing expenses		102	(1,206)
Research and development		(534)	(1,845)
Administrative expenses		(5,978)	(6,534)
Finance costs	7	(56)	(139)
Other expenses	8	(2,362)	(1,205)
Share of results/(loss) of an associate		90	(156)
Loss before tax from continuing operations	9	(7,151)	(3,953)
Income tax (expense)/credit	11	(809)	381
Loss from continuing operations, net of tax		(7,960)	(3,572)
Discontinued operation			
Profit from discontinued operation, net of tax	12	812	186
Loss for the year		(7,148)	(3,386)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(7,927)	(3,480)
Profit from discontinued operation, net of tax		812	186
Loss for the year attributable to owners of the Company		(7,115)	(3,294)
Non-controlling interests			
Loss from continuing operations, net of tax		(33)	(92)
Loss for the year attributable to non-controlling interests		(33)	(92)
Loss per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	33	(2.0)	(1.2)
Loss per share (cents per share)			
Basic and diluted	33	(1.8)	(1.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	2016 $'000	2015 $'000
Loss for the year	(7,148)	(3,386)
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Foreign currency translation, representing total other comprehensive income for the year, net of tax	16	(62)
Total comprehensive income for the year	(7,132)	(3,448)
Attributable to:		
Owners of the Company	(7,182)	(3,356)
Non-controlling interests	50	(92)
Total comprehensive income for the year	(7,132)	(3,448)
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax, comprising:		
– Loss from continuing operations	(7,927)	(3,480)
– Other comprehensive income	(67)	(62)
	(7,994)	(3,542)
Total comprehensive income from discontinued operation, net of tax	812	186
Total comprehensive income for the year attributable to owners of the Company	(7,182)	(3,356)

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

BALANCE SHEETS

As at 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
ASSETS					
Non-current assets					
Property, plant and equipment	13	197	358	23	20
Intangible asset	14	–	–	–	–
Investment in subsidiaries	15	–	–	98	222
Investment in an associate	16	–	277	–	–
		197	635	121	242
Current assets					
Trade and other receivables	17	314	6,300	48,891	23,810
Prepaid operating expenses		193	211	32	36
Properties under development	18	71,098	52,565	–	–
Properties held for sale	19	2,002	1,819	–	–
Investment securities	21	311	21	21	21
Derivative assets	24	785	–	–	–
Bank deposits pledged	20	3,816	3,752	–	–
Cash and cash equivalents	20	3,885	7,123	1,377	3,115
		82,404	71,791	50,321	26,982
Total assets		82,601	72,426	50,442	27,224
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	15,338	14,755	1,783	1,807
Provision for claims	23	–	812	–	812
Income tax payable		809	–	–	–
Derivative liability	24	–	1,036	–	1,036
Loans and borrowings	25	35,003	28,473	15,202	2,830
		51,150	45,076	16,985	6,485
Net current assets		31,254	26,715	33,336	20,497
Non-current liabilities					
Loans and borrowings	25	1,968	3,500	–	–
Total liabilities		53,118	48,576	16,985	6,485
Net assets		29,483	23,850	33,457	20,739
Equity attributable to owners of the Company					
Share capital	26	81,286	68,521	81,286	68,521
Capital reserve	26	500	500	–	–
Employee share option reserve	26	420	549	420	549
Foreign currency translation reserve	26	(136)	(69)	–	–
Accumulated losses		(56,069)	(49,083)	(48,249)	(48,331)
		26,001	20,418	33,457	20,739
Non-controlling interests		3,482	3,432	–	–
Total equity		29,483	23,850	33,457	20,739
Total equity and liabilities		82,601	72,426	50,442	27,224

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

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

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

Company	Note	Share capital $'000	Employee share option reserve $'000	Accumulated losses $'000	Total equity $'000
2016					
At 1 January 2016		68,521	549	(48,331)	20,739
Loss for the year, representing total comprehensive income for the year		–	–	(47)	(47)
Contributions by and distributions to owners					
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	26	6,103	–	–	6,103
Issuance of new ordinary shares pursuant to private placement	26	7,020			7,020
Share issuance expense	26	(358)	–	–	(358)
Forfeiture of equity-settled share options to employees	26	–	(129)	129	–
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		12,765	–	–	12,765
At 31 December 2016		81,286	420	(48,249)	33,457
2015					
At 1 January 2015		67,359	237	(41,406)	26,190
Loss for the year, representing total comprehensive income for the year		–	–	(6,925)	(6,925)
Contributions by and distributions to owners					
Issuance of new ordinary shares pursuant to private placement	26	1,215	–	–	1,215
Share issuance expense	26	(53)	–	–	(53)
Grant of equity-settled share options to employees	10	–	312	–	312
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		1,162	312	–	1,474
At 31 December 2015		68,521	549	(48,331)	20,739

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Loss before tax from continuing operations		(7,151)	(3,953)
Profit before tax from discontinued operation	12	812	186
Loss before tax, total		(6,339)	(3,767)
Adjustments for:			
Depreciation of property, plant and equipment	13	123	72
Loss on disposal of property, plant and equipment	9	76	–
Impairment loss on property, plant and equipment	8	64	–
Write-down of properties held for sale	8	40	–
Write-down of properties under development	8	642	–
Loss on early redemption of exchangeable notes	8	391	–
Withholding tax expense	8	1,095	1,117
Listing expenses written off/(written back)	8	98	(109)
Grant of equity-settled share options to employees	10	–	312
Impairment loss on intangible asset	14	–	98
Allowance for doubtful debt	17	–	963
(Write-back of)/provision for claims	23	(812)	991
Net fair value gain on derivative liability	5	(465)	(4,833)
Net fair value gains on derivative assets	5	(39)	–
Net fair value losses on investment securities	5	15	–
Litigation claim		–	(2,093)
Gain on disposal of an associate	5	(66)	–
Unrealised exchange gain		(825)	(1,531)
Finance income	6	(45)	(20)
Finance costs	7	56	139
Share of (results)/loss of an associate		(90)	156
Total adjustments		258	(4,738)
Operating cash flows before changes in working capital		(6,081)	(8,505)
Changes in working capital:			
Increase in trade and other receivables		(3)	(506)
Increase in prepaid operating expenses		(49)	(30)
Increase in properties under development		(15,215)	(30,308)
Increase in properties held for sales		(141)	(1,844)
Increase in investment securities		(305)	(21)
Increase in derivative assets		(22)	–
(Decrease)/increase in trade and other payables		(1,527)	6,504
Total changes in working capital		(17,262)	(26,205)
Cash flows used in operations		(23,343)	(34,710)
Interest received		45	20
Interest paid		(1,535)	(2,235)
Net cash flows used in operating activities		(24,833)	(36,925)

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Investing activities			
Purchase of property, plant and equipment	13	(105)	(303)
Investment in an associate	16	(415)	(433)
Proceeds from disposal of property, plant and equipment		7	–
Proceeds from disposal of an associate	16	875	–
Net cash flows from/(used in) investing activities		362	(736)
Financing activities			
Proceeds from loans and borrowings		14,358	4,636
Proceeds from issuance of shares to minority interest	15	–	3,538
Proceeds from issuance of bonds	25	2,173	–
Proceeds from issuance of ordinary shares	26	13,123	1,215
Share issuance expense	26	(358)	(53)
Bond issuance expense	25	(205)	–
Proceeds from loan from a shareholder/previous director		–	14,860
(Repayment of)/proceeds from issuance of profit participation bond		(2,786)	2,830
Repayment of exchangeable notes	24	(5,000)	–
Increase in bank deposits pledged		–	(3,436)
Net cash flows from financing activities		21,305	23,590
Net decrease in cash and cash equivalents		(3,166)	(14,071)
Effect of exchange rate changes on cash and cash equivalents		(72)	10
Cash and cash equivalents at 1 January		7,123	21,184
Cash and cash equivalents at 31 December	20	3,885	7,123

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

Fundamental accounting concept

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a loss of $7,148,000 (2015: $3,386,000) and negative operating cash flow of $24,833,000 (2015: $36,925,000) for the financial year ended 31 December 2016 and as at that date, the Group has a net undiscounted financial liabilities of $34,933,000 (2015: $19,617,000) due within the next twelve months. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors are of the view that it is appropriate to prepare the Group's financial statements on a going concern basis as the directors have considered the Group's cashflows and funding needs in order to meet its financial obligations as and when they fall due, and have obtained the irrevocable financial support of Hengfai Business Development Pte. Ltd. ("HBD") to provide these funds as and when required. In budgeting for the Group's cashflows and funding requirements, the directors have considered that as at the end of the reporting period, the Group has entered into agreements with home builders for its land sub-division development as well as for certain consultancy services and the Group expects to receive proceeds from the part delivery of these lots and services as the Group does not envisage adverse events which may affect its ability to deliver the sub-divided land lots and services according to the anticipated schedule the Group has projected.

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.3 ***Standards issued but not yet effective***

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 116 *Leases*	1 January 2019

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group has performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group mainly derives its revenue from the sale of development and trading properties as well as from the rendering of consultancy services. The Group expects the following impact on the two main revenue streams upon adoption of FRS 115:

(a) Revenue from trading and development properties

An entity recognises revenue only when it satisfies a performance obligation by transferring control of a promised good or service to a customer. Control may be transferred over time or at a point of time. Control of the good or service refers to the ability to direct its use and to obtain substantially all of its remaining benefits, including the ability to prevent other entities from directing the use of and receiving the benefit from a good or service.

Therefore, recognising revenue upon transfer of control is a different approach from the "risk and rewards" model in the current FRS 18. Management has preliminary assessed that for the sale of the development properties, control is transferred to the buyer at a point in time, instead of over time, after taking into consideration factors such as whether the Group has enforceable right to payment for performance completed to date, and whether the buyer simultaneously receives and consumes benefits as the Group performs. Based on management's preliminary assessment, the Group expects to recognise revenue upon the completion and delivery of the land parcels to the buyers, which is similar to the Group's current revenue recognition policy. Similarly, for the Group's trading properties, the Group expects to recognise revenue when the buyer obtains control, i.e. upon delivery of the trading properties. Accordingly, the Group does not expect significant impact on the adoption of FRS 115.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

FRS 115 *Revenue from Contracts with Customers* *(cont'd)*

(b) Revenue from technology and business consultancy services

Revenue pertaining to technology and business consultancy services may comprise multiple-element arrangements. Allocation of selling price is required to separately identifiable components based on stand-alone selling price. Management has performed a preliminary assessment of the contracts with multi-element arrangements and is of the view that the selling price for each element is reflective of the standalone selling price. Accordingly, the Group does not expect the adoption of FRS 115 to have a significant impact on the revenue recognition policy.

In addition, FRS 115 provides certain application guidance to determine the appropriate measure of progress to recognise revenue over time and this include both the "input method" and "output method". Similarly, the Group does not expect this to have a significant impact on the technology and business consultancy services as their current recognition method is similar to the "input method" under the new standard.

The Group plans to adopt the new standard on the required effective date using the full retrospective method.

FRS 109 *Financial Instruments*

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

(a) Classification and measurement

For equity securities, the Group will continue to measure its currently held-for-trading equity securities at fair value through profit or loss ("FVTPL"). As at the end of the reporting period, the Group does not hold any unquoted equity securities. Accordingly, the Group does not expect any significant impact to arise on the adoption of FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has performed a preliminary assessment on the expected credit losses for its continuing operations and has preliminary estimated that there should be no significant impact arising from the adoption of FRS 109. Management will be performing a more detailed analysis in the next financial year, including taking into consideration all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

(c) Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

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

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

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

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

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

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

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

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

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

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

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

(b) *Business combinations*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.6 ***Foreign currency***

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

(a) *Transactions and balances*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.6 ***Foreign currency (cont'd)***

(b) *Consolidated financial statements*

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

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

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

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

	Years
Office and computer equipment	3 – 5
Furniture and fittings	3 – 5
Motor vehicles	10

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

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

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

2.8 ***Intangible assets***

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

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

(a) *Software cost*

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

(b) *Research and development costs*

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

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

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

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

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

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

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

2.10 ***Subsidiaries***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.11 ***Associates***

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

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

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

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

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

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

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

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

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

2.12 ***Financial Instruments***

(a) ***Financial assets***

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

(a) ***Financial assets (cont'd)***

Subsequent measurement

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

(i) Loans and receivables

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

(ii) Financial assets at fair value through profit or loss which are held for trading

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

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

De-recognition

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

(b) ***Financial liabilities (cont'd)***

Subsequent measurement (cont'd)

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

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

(ii) Other financial liabilities

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

De-recognition

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

2.13 ***Impairment of financial assets***

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.14 ***Cash and cash equivalents***

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

2.15 ***Properties under development***

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

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

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

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

2.16 ***Properties held for sale***

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

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

2.17 ***Provisions***

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

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

2.18 ***Borrowing costs***

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

2.19 ***Convertible instrument with embedded derivative***

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.20 ***Employee benefits***

(a) *Defined contribution plans*

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

(b) *Employee share option plans*

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

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

2.21 ***Leases***

As lessee

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

2.22 ***Discontinued operation***

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

2.23 ***Revenue***

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

(a) *Sale of properties*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.23 ***Revenue (cont'd)***

(b) *Rendering of services*

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

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.24 ***Taxes***

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.24 ***Taxes (cont'd)***

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

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

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

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

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

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

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

(c) *Sales tax*

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

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

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

2.25 ***Share capital and share issuance expenses***

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

2.26 ***Contingencies***

A contingent liability is:

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

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

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

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

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies.

Key sources of estimation uncertainty

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

Estimation of net realisable value for properties under development

As disclosed in Note 2.15, the projects are carried at lower of cost and net realisable value. In determining the recoverable amount, management has to make various assumptions and estimates in deriving the budgeted total costs to completion and the estimated selling prices. The carrying amount of properties under development stated at net realisable value as at 31 December 2016 was $1,128,000 (2015: $Nil). If the estimated selling prices increased/decreased by 5% from management's estimate, the carrying amount of properties under development would increase/decrease by $56,000.

4. Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

5. Other income

		Group	
	Note	2016 $'000	2015 $'000
Net foreign exchange gain		739	1,531
Gain on disposal of an associate	16	66	–
Net fair value gains on financial instruments:			
– Held for trading investment securities		(15)	–
– Convertible promissory note	24	39	–
– Exchangeable notes	24	465	4,833
Others		25	2
		1,319	6,366

6. Finance income

	Group	
	2016 $'000	2015 $'000
Interest income from loans and receivables	45	20

7. Finance costs

	Group	
	2016 $'000	2015 $'000
Interest expense on loans and borrowings	56	139

8. Other expenses

		Group	
	Note	2016 $'000	2015 $'000
Allowance for doubtful debt		–	99
Impairment loss on property, plant and equipment	13	64	–
Impairment loss on intangible asset	14	–	98
Listing expenses written off/(written back)	15	98	(109)
Loss on early redemption of exchangeable notes		391	–
Withholding tax expenses		1,095	1,117
Write-down of properties under development	18	642	–
Write-down of properties held for sale	19	40	–
Others		32	–
		2,362	1,205

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Loss before tax from continuing operations

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

		Group	
	Note	**2016 $'000**	**2015 $'000**
Audit fees:			
– Auditors of the Company		309	272
– Other auditors		122	195
Non-audit fees:			
– Auditors of the Company		16	–
Depreciation of property, plant and equipment	13	123	72
Employee benefits	10	3,170	4,279
Legal and other professional fees		1,047	3,093
Operating lease expenses		420	387
Write-back of marketing expenses		(108)	–
Loss on disposal of property, plant and equipment		76	–

10. Employee benefits (including directors)

	Group	
	2016 $'000	**2015 $'000**
Salaries, wages and bonuses	2,871	3,475
Contribution to defined contribution plans	292	426
Share-based payments (Employee share option plans)	–	312
Other short-term benefits	7	66
	3,170	4,279

Share option plans

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

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

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

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

Other information regarding the Scheme is as follow:

– 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

10. Employee benefits (cont'd)

Share option plans (cont'd)

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:

	2016		**2015**	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at 1 January	3,714,667	0.12	3,714,667	0.12
– Forfeited	(796,000)	0.12	–	–
Outstanding at 31 December	2,918,667	0.12	3,714,667	0.12

The range of exercise price for options outstanding at the end of the year was $0.11 to $0.12 (2015: $0.11 to $0.12). The weighted average remaining contractual life for these options is 4.09 years (2015: 4.65 years).

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.

11. Income tax expense/(credit)

(a) *Major components of income tax expense/(credit)*

The major components of income tax expense/(credit) for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	**2015**
	$'000	**$'000**
Consolidated statement of comprehensive income:		
Current income tax – continuing operations:		
– Current income taxation	809	–
Deferred income tax – continuing operations		
– Origination and reversal of temporary differences	–	(381)
Income tax expense/(credit) recognised in profit or loss	809	(381)
Statement of changes in equity:		
Deferred tax expense charged directly to equity		
– Day one fair value differential on interest-free loan (Note 26)	–	381

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11. Income tax expense/(credit) (cont'd)

(b) *Relationship between tax expense/(credit) and accounting loss*

A reconciliation between income tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Loss before tax from continuing operations	(7,151)	(3,953)
Profit before tax from discontinued operation	812	186
Loss before tax	(6,339)	(3,767)
Tax at the domestic tax rates applicable to losses in the countries where the Group operates	(1,511)	(1,013)
Adjustments:		
Non-deductible expenses	863	1,189
Income not subject to taxation	(232)	(1,290)
Deferred tax assets not recognised	895	706
Share of (results)/loss of an associate	(15)	27
Tax upon deemed remittance	809	–
Income tax expense/(credit) recognised in profit or loss	809	(381)

During the financial year, the Group has restructured certain intercompany loans between the subsidiaries in United States and Singapore. The restructuring of these intercompany loans has resulted in a potential tax exposure of $809,000.

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

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

	Group	
	2016	**2015**
	$'000	**$'000**
Accrual for withholding tax expense	186	190
Loss on redemption of exchangeable notes	66	–
Write-down on properties held for sale	14	–
Write-down on properties under development	193	–
Provision for claims	–	168
Bad debts expenses	–	166
Listing expenses	17	–
Non-statutory expenses	387	665
	863	1,189

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

	Group	
	2016	**2015**
	$'000	**$'000**
Net fair value gain on derivative liability	79	821
Gain on disposal of an associate	11	–
Net fair value gains on derivative assets and investment securities	4	–
Provision for claims written back	138	–
Litigation claim	–	359
Others	–	110
	232	1,290

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11. Income tax expense/(credit) (cont'd)

(c) *Unrecognised tax losses*

At the end of the reporting period, the Group has tax losses of approximately $10,005,000 (2015: $5,582,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations.

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

	Group		**Company**	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Deferred tax asset	–	381	–	–
Deferred tax liability	–	(381)	–	–
	–	–	–	–

12. 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 years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016 $'000	**2015 $'000**
Revenue	–	–
Expenses	–	(65)
Loss from operations	–	(65)
Other expenses	–	(268)
Other income	812	519
Finance costs	–	–
Profit before tax from discontinued operation	812	186
Income tax expense	–	–
Profit from discontinued operation, net of tax	812	186

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

12. Discontinued operation (cont'd)

Cash flow statement disclosures

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

	Group	
	2016	**2015**
	$'000	**$'000**
Operating activities, representing net cash outflows	–	(2,598)

Earnings per share disclosure

Earnings per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic and diluted	0.20	0.06

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 in Note 33.

13. Property, plant and equipment

Group	**Motor vehicles $'000**	**Furniture and fittings $'000**	**Office and computer equipment $'000**	**Total $'000**
Cost				
At 1 January 2015	–	63	75	138
Additions	138	3	162	303
Exchange difference	–	–	(1)	(1)
At 31 December 2015 and 1 January 2016	138	66	236	440
Additions	–	79	26	105
Disposals	–	(93)	(27)	(120)
Reclassification	–	(11)	11	–
Exchange difference	3	(1)	2	4
At 31 December 2016	141	40	248	429
Accumulated depreciation and impairment				
At 1 January 2015	–	3	7	10
Depreciation charge for the year	4	21	47	72
At 31 December 2015 and 1 January 2016	4	24	54	82
Depreciation charge for the year	13	35	75	123
Impairment loss	–	8	56	64
Disposals	–	(23)	(14)	(37)
Reclassification	–	(11)	11	–
Exchange difference	–	(2)	2	–
At 31 December 2016	17	31	184	232
Net carrying amount				
At 31 December 2015	134	42	182	358
At 31 December 2016	124	9	64	197

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Company	Furniture and fittings $'000	Office and computer equipment $'000	Total $'000
Cost			
At 1 January 2015	–	10	10
Additions	–	16	16
At 31 December 2015 and 1 January 2016	–	26	26
Additions	29	19	48
At 31 December 2016	29	45	74
Accumulated depreciation			
At 1 January 2015	–	1	1
Depreciation charge for the year	–	5	5
At 31 December 2015 and 1 January 2016	–	6	6
Depreciation charge for the year	21	24	45
At 31 December 2016	21	30	51
Net carrying amount			
At 31 December 2015	–	20	20
At 31 December 2016	8	15	23

14. Intangible asset

Group	Software cost $'000
Cost	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	98
Accumulated amortisation and impairment losses	
At 1 January 2015	–
Impairment loss	98
At 31 December 2015, 1 January 2016 and 31 December 2016	98
Net carrying amount	
At 31 December 2015 and 31 December 2016	–

Impairment of software cost

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investment in subsidiaries

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	5,776	5,678
Allowance for impairment losses	(5,678)	(5,456)
	98	222
Movement in allowance accounts:		
At 1 January	5,456	4,702
Charge during the year	222	5,456
Liquidation of subsidiaries	–	(4,702)
At 31 December	5,678	5,456

Impairment of subsidiary

During the current financial year, management performed an impairment test for the investment in Hotapp International Inc., as this subsidiary has been loss making. Management has written down the investment to its estimated recoverable amounts based on its estimated fair value less cost to sell. As at the end of the current financial year, the subsidiary was in a net liability position and accordingly, management had fully impaired the investment. An impairment loss of $222,000 (2015: $5,456,000) was recognised in profit or loss for the current financial year.

a. Composition of the Group

The Company has the following subsidiaries as at 31 December:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2016	Proportion (%) of ownership interest 2015
Singapore Construction & Development Pte. Ltd.[i]	Singapore	Property development	100	100
Global Techfund of Fund Pte. Ltd.[vi]	Singapore	Dormant	100	100
SeD Capital Pte. Ltd.[vi]	Singapore	Investment holding	100	100
Art eStudio Pte. Ltd.[vi]	Singapore	Dormant	51	51
BMI Capital Partners International Limited[iii]	Hong Kong	Investment holding and consulting services	100	100
SeD Perth Pty Ltd[iv,vii]	Australia	Property development	100	100
HotApp International, Inc.[ii]	United States of America	Investment holding	98.17	98.17
SeD Home, Inc.[iv, vii]	United States of America	Property development	100*	100
Singapore Construction Pte. Ltd.[vi]	Singapore	Dormant	100	100
CloudTV Pte. Ltd.[vi]	Singapore	Dormant	100	100
Health Wealth Happiness Pte. Ltd (f.k.a. SeD Global Investment Pte. Ltd.)[vi]	Singapore	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2016	2015
SeD Capital Shanghai Co. Ltd.[vi, ***]	People's Republic of China	Dormant	100	100
SeD Capital Qingdao Investment Co., Ltd.[vi, ***]	People's Republic of China	Dormant	100	100
150 CCM Black Oak LP[iv, vii]	United States of America	Property development	69@	69@
SeD Ballenger, LLC[iv, vii]	United States of America	Property development	100	100
SeD Builder, LLC[iv, vii]	United States of America	Property development	100	100
SeD Development Management, LLC[iv, vii]	United States of America	Property development	85	85
SeD Development USA, Inc.[vi]	United States of America	Property development	100	100
SeD Texas Home, LLC (f.k.a. SeD Texas, LLC)[vi]	United States of America	Property development	100	100
SeD USA, LLC[iv, vii]	United States of America	Property development	100	100
150 Black Oak GP, Inc[vi]	United States of America	Property development	50#	50#
SeD Maryland Development, LLC[iv, vii]	United States of America	Property development	83.55	83.55
HotApps International Pte. Ltd.[vi]	Singapore	Dormant	98.17	98.17
HotApps Call Pte. Ltd.[vi]	Singapore	Dormant	98.17	98.17
Guangzhou HotApps Technology Ltd[v,vii]	People's Republic of China	Sale, marketing and support services of mobile application	98.17	98.17
HotApp International Limited[iii]	Hong Kong	Sale and Marketing of mobile application	98.17	98.17
SeD BioMedical International Pte. Ltd.[vi]	Singapore	Investment holding	100**	–
SeD BioMedical Pte. Ltd.[vi]	Singapore	Biomedical science	80**	–
SeD BioMedical Limited[vi]	Hong Kong	Biomedical science	80**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2016	2015
SeD BioMedical Inc.[vi]	United States of America	Biomedical science	80**	–
SeD BioMedical Sdn Bhd[vi]	Malaysia	Biomedical science	80**	–
SeD Home International, Inc.[vi]	United States of America	Property development	100**	–
HomeOwnUSA, Inc.[ii]	United States of America	Investment holding	99.96**	–
SeD Home Limited[iii]	Hong Kong	Property development	100**	–

i Audited by Ernst & Young LLP, Singapore

ii Audited by Rosenberg Rich Baker Berman & Company

iii Audited by member firms of EY Global in the respective countries

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

v Audited by Guangzhou Guangxing CPA Company Limited

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 under Singapore eDevelopment Limited. Interest is transferred to SeD Home International, Inc. in the current financial year

** Subsidiaries incorporated/acquired during the year

*** The subsidiary has been placed under voluntary de-registration as at the end of the reporting period

@ *150 CCM Black Oak LP ("Black Oak LP")*

At the end of the previous reporting period, the Group had made the entire capital contribution of US$4.3 million (equivalent to $5.6 million) in Black Oak LP while no capital contribution is required from the other limited partners, ("Black Oak LP's non-controlling interests") in accordance with the partnership agreement dated 20 March 2014. The Group has the first priority on the return of this capital contribution before any distributions of profits to the Black Oak LP's partners, the Group has not attributed any contributions to Black Oak LP's non-controlling interests as at 31 December 2016 and 2015.

150 Black Oak GP, Inc ("Black Oak")

On 20 March 2014, one of the subsidiaries of the Company, SeD USA, LLC, acquired 500 ordinary shares of Black Oak, which represented 50% of the total shareholding in Black Oak. The remaining 500 ordinary shares in Black Oak are held by Woodrow A.Holland, Trustee for The Fogarty Family Trust II ("Fogarty"), which is an external party. Notwithstanding that the Group only has 50% effective shareholding in Black Oak, management is of the view that they have control over this entity as the Group has the right to appoint the CEO who has a casting vote during board meetings where key decisions are made.

Significant restrictions

Cash and cash equivalents of $115,000 (2015: $23,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investment in subsidiaries (cont'd)

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period $'000	Accumulated NCI at the end of the reporting period $'000
31 December 2016				
SeD Maryland Development LLC	United States of America	16.45%	(33)	3,574
31 December 2015				
SeD Maryland Development LLC	United States of America	16.45%	(10)	3,528

c. Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheet

	SeD Maryland Development LLC	
	2016	**2015**
	$'000	**$'000**
Assets	41,311	31,785
Liabilities	(19,582)	(10,341)
Net assets	21,729	21,444

Summarised statement of comprehensive income

	SeD Maryland Development LLC	
	2016	**2015**
	$'000	**$'000**
Revenue	–	–
Loss before tax	(202)	(59)
Income tax benefit	–	–
Loss after tax, representing total comprehensive income	(202)	(59)

Other summarised information

	SeD Maryland Development LLC	
	2016	**2015**
	$'000	**$'000**
Net cash flows used in operations	(9,494)	(21,308)
Proceeds from loans and borrowings	8,324	2,081

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investment in subsidiaries (cont'd)

d. Acquisition/incorporation of subsidiaries

(i) HomeOwnUSA, Inc. ("HomeOwnUSA")

On 22 December 2016, the Company acquired 74,015,730 shares representing 99.96% of the issued and paid-up share capital in HomeOwnUSA, 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. HomeOwnUSA was dormant since its date of incorporation and has a net assets of $Nil.

As HomeOwnUSA is a non-trading public company that has no business activities, the acquisition of HomeOwnUSA does not constitute a business combination under FRS 103 Business Combinations. Management is of the view that they are acquiring the "public" status of HomeOwnUSA and accordingly, the excess of consideration paid and the acquisition date fair value of the net assets of HomeOwnUSA which amounted to $98,000, is accounted for as a listing expense which is recorded in profit or loss under "Other expenses" (Note 8) for the year ended 31 December 2016.

(ii) SeD Home International, Inc. ("SeD Home International")

On 31 December 2016, the Company incorporated a wholly-owned subsidiary with an issued and paid-up share capital of United State Dollars ("US$") 1.00 (equivalent to $1.40). SeD Home International acts as an immediate holding company of SeD Home Inc.

(iii) SeD BioMedical International Pte. Ltd. ("SeD BioMed International")

On 30 November 2016, the Company's wholly-owned subsidiary, SeD Capital Pte. Ltd., incorporated SeD BioMed International as a wholly-owned subsidiary in Singapore. SeD BioMed International has in turn incorporated SeD BioMedical Inc. ("SeD BioMed 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 BioMed 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.

(iv) HotApp International Limited ("HotApp HK")

On 25 March 2015, HotApps International Pte. Ltd., a subsidiary in which the Company holds a 98.17% in its equity interest through HotApp International Inc., has acquired 100% of issued share capital in HotApp HK for cash consideration of Hong Kong Dollars 1.00 ("HK$") (equivalent to $0.20) from Mr Chan Heng Fai. The consideration of the acquisition was based on the issued share capital of HotApp HK.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investment in subsidiaries (cont'd)

d. Acquisition/incorporation of subsidiaries (cont'd)

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

On 15 June 2015, the Company acquired 100% of the issued share capital in BMICP and its subsidiary for a cash consideration of HK$1.00 (equivalent to $0.20) from Mr Chan Heng Fai, for the purpose of the new investment business. BMICP has a wholly-owned subsidiary, SeD Capital Shanghai Co. Ltd. Both companies were dormant since their respective dates of incorporation. BMICP and its subsidiary has a consolidated net liabilities of HK$60,721 (equivalent to $10,652) comprising principally incorporation expenses as at the date of acquisition. The consideration of the acquisition at HK$ 1.00 (equivalent to $0.20) is based on the issued share capital of BMICP.

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

On 30 December 2015, SeD Capital Shanghai Co. Ltd. acquired the entire equity interest of SeD Capital Qingdao for a cash consideration of RMB1.00 (equivalent to $0.21) for the purpose of the new investment business segment. SeD Capital Qingdao was dormant at the date of acquisition.

(vii) HotApp International, Inc. ("HAI")

In the financial year ended 31 December 2014, HAI was acquired by the Company and the excess of consideration paid and the acquisition date fair value of the net liabilities of HAI which amounted to $468,000, was accounted for as a listing expense which was recorded in the profit or loss under "Other expenses" for the year ended 31 December 2014.

During the previous financial year, the Group negotiated for a waiver of a loan amounting to US$79,000 (equivalent to $109,000) and accordingly the amount waived was reported as a write-back of the listing expense under "Other expenses" (Note 8) in profit or loss for the financial year ended 31 December 2015.

e. Change in ownership interests in subsidiaries

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

During the previous financial year, certain limited partners of CCM Black Oak LP transferred 5% of their residual interest in the limited partnership, in aggregate, to SeD Development USA, Inc, in consideration of extended financial support provided by SeD Development USA, Inc. to the limited partnership in relation to the development of a 136-acre land infrastructure and sub-division project in Houston, Texas, USA ("Black Oak" project). As a result, the total effective residual interest held by the Group in CCM Black Oak LP has increased to 69%.

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

In the financial year ended 31 December 2014, the Company extended a short term loan of $5.25 million to HAI, a majority-owned subsidiary of the Company, for the purposes of software development, marketing and general working capital. The short term loan was in the form of a promissory note issued by HAI (the "Note").

During the previous financial year, the Company entered into an agreement with HAI, to capitalise the short term loan, by converting the Note, into 777,687 new shares of HAI at 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).

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16. Investment in an associate

	Group 2016 $'000	Group 2015 $'000
Unquoted equity shares, at cost	–	433
Share of loss	–	(156)
	–	277

The Group has the following associate as at 31 December:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion (%) of ownership interest 2016	Proportion (%) of ownership interest 2015
Held through Singapore Construction & Development Pte. Ltd.				
Fanss MORE Group Limited[i]	Hong Kong	Property realtor	–	19

i Audited by K.M. Chu & Co

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

In the current financial year, the Group made an additional investment in Fanns More of HK$2,379,000 (equivalent to $415,000) proportionate to the current shareholdings. Accordingly, there was no change in the percentage of shareholding held by the Group. There was also no change in the terms of the shareholder agreement and the Group continues to hold a board seat.

On 8 December 2016, the Group subsequently disposed its entire stake in Fanss More representing 19.0% of the total issued share capital of Fanss More (4,758,660 ordinary shares) for a cash consideration of HK$4,760,000 (equivalent to $875,000). Upon completion of the disposal, Fanss More ceased to be an associate of the Company and a gain on disposal of an associate amounting to $66,000 (Note 5) was recognised in profit or loss.

17. Trade and other receivables

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade and other receivables				
Trade receivables	108	–	–	–
Other receivables	78	6,109	19	12
Refundable deposits	128	191	103	134
Amounts due from subsidiaries (non-trade)	–	–	48,769	23,664
	314	6,300	48,891	23,810
Add: Cash and short-term deposits (Note 20)	7,701	10,875	1,377	3,115
Total loans and receivables	8,015	17,175	50,268	26,925

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

17. Trade and other receivables (cont'd)

Other receivables

Included in other receivables in the previous financial year was an amount of $5,933,000 that was held by a private equity fund lender in relation to a fixed rate USD loan extended to a subsidiary (Note 25). The amount is denominated in USD, non-interest bearing and has been fully drawn down in the current financial year.

Refundable deposits

Refundable deposits mainly comprise an interest bearing cash amount of $78,000 (2015: $78,000) held by a security house as collateral for margin securities trading as well as a deposit placed related for office rental amounting to $50,000 (2015: $113,000).

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 $48,061,000 (2015: $20,454,000) which bears interest at 18% (2015: 18%) per annum and is denominated in USD.

Receivables that are impaired

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

	Group	
	2016	**2015**
	$'000	**$'000**
Trade and other receivables – nominal amount	16,671	22,592
Less: Allowance for impairment	(16,485)	(16,483)
	186	6,109
Movement in allowance accounts:		
At 1 January	16,483	15,517
Charge for the year	–	963
Exchange differences	2	3
At 31 December	16,485	16,483

At the end of the reporting period, the Group has provided an allowance of $16,378,000 (2015: $16,384,000) in relation to receivables pertaining to discontinued operation. The charge for the year was recognised in the "Profit from discontinued operation, net of tax" line item in the consolidated statement of comprehensive income for the year ended 31 December 2015.

Impairment in amounts due from subsidiaries

The Company provided for an allowance of $3,000,000 (2015: $2,337,000) for impairment of amounts due from subsidiaries with a nominal amount of $3,000,000 (2015: $2,337,000) as the subsidiaries are dormant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

18. Properties under development

	Group	
	2016	2015
	$'000	$'000
At cost or net realisable value		
Freehold land	37,975	38,159
Development costs	33,123	14,406
	71,098	52,565

As at 31 December 2016 and 2015, the carrying amount of properties under development held under charge for loan and borrowings (Note 25) are as follows:

	Group	
	2016	2015
	$'000	$'000
Freehold land	37,975	38,159

During the current financial year, borrowing costs of $4,753,000 (2015: $3,066,000), arising from borrowings obtained specifically for the properties under development were capitalised under "Development costs". Included in the borrowing costs capitalised is an amount of $538,000 (2015: $918,000) which relates to the amortisation of discount of straight bond component of the exchangeable notes (Note 25).

An impairment loss of $642,000 representing the write-down of these properties under development to the net realisable value was recognised in "Other expenses" (Note 8) line item of profit or loss for the financial year ended 31 December 2016.

19. Properties held for sale

	Group	
	2016	2015
	$'000	$'000
Balance sheet:		
At cost or net realisable value	2,002	1,819
Consolidated statement of comprehensive income:		
Recognised as an expense in cost of sales	1,365	3,150

An impairment loss of $40,000 representing the write-down of these properties held for sale to the net realisable value was recognised in "Other expenses" (Note 8) line item of profit or loss for the financial year ended 31 December 2016.

20. Cash and short-term deposits

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,885	7,123	1,377	3,115
Bank deposits pledged	3,816	3,752	–	–
Cash and short-term deposits	7,701	10,875	1,377	3,115

Included in bank deposits pledged is an amount of $Nil (2015: $21,000) which relates to cash held in escrow accounts for the purpose of purchasing properties. The remaining amount relates to deposits pledged as a security for bank facilities (Note 25).

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates for the Group and the Company were 1.26% (2015: 0.44%) and 0.12% (2015: 0.42%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

20. Cash and short-term deposits (cont'd)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	1,358	2,764	71	2,738

21. Investment securities

	Group		Company	
	2016	**2015**	**2016**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Held for trading investments – Quoted equity securities	311	21	21	21

22. Trade and other payables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	813	1,344	24	3
Other payables	160	1,155	98	1,152
Deferred revenue	724	–	–	–
Amount due to a director (non-trade)	27	28	–	–
Accrued payroll expenses	602	367	318	73
Accrued interest expenses	40	798	–	26
Withholding tax payable	2,661	1,472	1,163	337
Accrued professional fees	614	1,039	180	216
Deposit received	8,542	8,349	–	–
Other accruals	1,155	203	–	–
	15,338	14,755	1,783	1,807
Add: Loans and borrowings (Note 25)	36,971	31,973	15,202	2,830
Less: Deposit received	(8,542)	(8,349)	–	–
Deferred revenue	(724)	–	–	–
Total financial liabilities carried at amortised costs	43,043	38,379	16,985	4,637

Trade payables

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

Other payables

Other payables are normally settled on 30 to 60 days' terms. Included in other payables is an amount of $Nil (2015: $1,152,000) pertaining to corporate indemnity liabilities that have been called in the previous financial year. The corporate indemnity liabilities were fully settled during the financial year.

Deferred revenue

Deferred revenue relates to consideration received in a form of an interest-free convertible promissory note (Note 24) for consulting services that have yet to be rendered as at the end of the reporting period.

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. The withholding tax is payable upon remittance of the interest income to Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

22. Trade and other payables (cont'd)

Deposit received

Deposit received is non-refundable and pertains to down payments received from customers, and will be offset against sales proceeds.

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 follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	–	26	–	–

23. Provision for claims

	Group and Company	
	2016	**2015**
	$'000	**$'000**
At 1 January	812	3,461
Utilised	–	(3,640)
(Write-back)/arose during the year	(812)	991
At 31 December	–	812

Prior to the disposal of CIPL in the financial year ended 31 December 2014, the Company provided corporate indemnities on performance bonds for the benefits of CIPL in conjunction with construction projects undertaken by CIPL. The outstanding corporate indemnities as at the end of the reporting period amounted to $506,000 (2015: $812,000). In the previous financial year, management had made full provision for the outstanding corporate indemnities taking into consideration historical claims. In the current financial year, none of the outstanding corporate indemnities were claimed, and management is of the view that with the passage of time it is not probable that the Group will be required to settle the obligation and accordingly management has written back the provision for the outstanding claims. The indemnities are disclosed in full as contingent liabilities in Note 34.

24. Derivatives

	Group and Company					
	Contract/ Notional Amount	**Assets**	**Liabilities**	**Contract/ Notional Amount**	**Assets**	**Liabilities**
		2016			**2015**	
	$'000	**$'000**		**$'000**	**$'000**	
Convertible promissory note	724	763	–	–	–	–
Warrants	290	22	–	–	–	–
Exchangeable notes	–	–	–	5,000	–	(1,036)
Total derivatives		785	–		–	(1,036)
Total derivatives		785	–		–	(1,036)
Add: Held for trading investments (Note 21)		311	–		21	–
Total financial assets/ (liabilities) at fair value through profit or loss		1,096	–		21	(1,036)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24. Derivatives (cont'd)

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 (the "Convertible 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 Convertible Note is due and payable on or before 18 October 2017, and may be converted by BMI into shares of Amarantus at a conversion price of US$0.025 (equivalent to $0.036) per share on or within 12 months from the date of issuance i.e. 18 October 2016. The fair value of the Convertible Note as at the date of issue was $724,000 and the fair value at the end of the reporting period and as at issue date is calculated using the binomial model incorporating market observable parameters at the date of valuation. The net fair value gain on the Convertible Note amounting to $39,000 (Note 5) was recognised in profit or loss during the current financial year.

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 at the date of issue and as at the end of the reporting period.

Exchangeable notes

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

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

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

During the current financial year, SCD 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 (2015: $4,833,000) (Note 5) and a loss on early redemption of exchangeable notes amounting to $391,000 (Note 8) were recognised in profit or loss as at the Redemption date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

25. Loans and borrowings

		Group		Company	
	Maturity	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current:					
Floating rate USD loan	2018	10,453	2,081	–	–
Fixed rate USD loan	2017	8,687	8,490	–	–
Interest-free USD loan	2017	15,202	14,417	15,202	–
Floating rate AUD loan	2017	661	655	–	–
Non-transferable profit-participation bond	2016	–	2,830	–	2,830
		35,003	28,473	15,202	2,830
Non-current:					
Straight bond component of exchangeable notes (Note 24)	2017	–	3,500	–	–
Corporate bonds	2019	1,968	–	–	–
		1,968	3,500	–	–
Total loans and borrowings		36,971	31,973	15,202	2,830

Floating rate USD loan

In November 2015, the Group obtained a US$8.0 million (equivalent to $11.6 million) construction loan facility which was secured by a lien over a freehold land classified in properties under development (Note 18) and a cash deposit of US$2.6 million (equivalent to $3.8 million) (Note 20) and is repayable in full before 22 November 2018. The revolving facility has a cumulative loan advance limit of US$26.0 million (equivalent to $37.6 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. Prior to full settlement of the loan, the Group is required to make principal repayments equal to 95% of the property sales. As the Group is expected to generate revenue from the property sales in the next financial year, the balance has been classified under current liabilities. The loan includes a minimum repayment amount, which require the Group to repay an accumulative loan balance of US$4.1 million (equivalent to $5.9 million), US$13.8 million (equivalent to $20.0 million) and US$23.0 million (equivalent to $33.3 million) by 30 June 2017, 31 March 2018 and 15 November 2018 respectively.

Fixed rate USD loan

In October 2015, the Group drew down a short-term construction loan of US$6.0 million (equivalent to $8.7 million) from a private equity fund. The loan is secured by a lien over a freehold land classified in properties under development (Note 18). The loan amount will be held by the lender upon draw down. The lender will subsequently disburse the funds either directly to the Group or Contractor for the purpose of paying the cost and expense in relation to the properties under development. Accordingly, only the subsequent disbursement after October 2015 by the lender is reported as "Proceeds from loans and borrowings" in the cash flow statement. 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 is repayable in full before 1 April 2017. In March 2017, the Group obtained a loan extension up till 1 October 2017 with an option to extend for an additional 6 months.

Interest-free USD loan

During the previous financial year, a US$15.0 million (equivalent to $21.7 million) loan facility was provided by Hengfai Business Development Pte. Ltd., a substantial shareholder of the Company and a wholly-owned company of Mr. Chan Heng Fai, CEO, executive director and a controlling shareholder of the Company. As at the end of the previous financial year, the 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. During the financial year, this loan was assigned from the subsidiary to the Company with its maturity date extended to 31 December 2017. The loan bears an interest of 6% per annum commencing on 1 January 2017. Subsequent to the end of the reporting period, the loan was approved by the shareholders to be converted to 372,855,000 new shares of the Company (Note 35).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

25. Loans and borrowings (cont'd)

Floating rate AUD loan

The loan is secured by a charge over the freehold land classified in properties under development (Note 18) as well as a deposit pledged (Note 20). This loan is denominated in AUD and is guaranteed by two of the directors of SeD Perth Pty Ltd. The interest rate is based on the weighted average interest rates applicable to each of the Business Markets Facility Components which ranges from 5.46% to 5.90% (2015: 5.53% to 6.15%) per annum. The loan is repayable on 4 January 2017 and on 5 January 2017, the Group obtained a loan extension up till 31 December 2018. As the loan extension was granted subsequent to the reporting period, the balance has been classified under current liabilities as at 31 December 2016.

Non-transferable profit-participation bond

In the previous financial year, the Company issued an 8% US$2.0 million (equivalent to $2.9 million) profit-participating private bond maturing in 2017 to an external party (the "Bondholder"). The bond confers a right for the Bondholder to receive in aggregate 30% of the net profit after tax received from the Group's property developments projects in the USA, attributable directly to the proportion of the Bondholder's funds invested in these property development projects. The profit-participating private bond was fully redeemed by the Company during the financial year.

Corporate bonds

During the financial year, the Company through a subsidiary incorporated in Hong Kong has issued three 8% US$500,000 corporate bonds with a 3-year maturity to external parties. The Group has recognised the corporate bonds net of transaction costs amounting to $0.2 million. SeD Home Inc. and Mr. Chan Heng Fai have 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 (equivalent to $14.5 million) and US$5.0 million (equivalent to $7.2 million), respectively.

26. Share capital and other reserves

Share capital

	Group and Company			
	2016		2015	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:				
At 1 January	300,296	68,521	285,296	67,359
Issuance of new ordinary shares pursuant to private placement	117,000	7,020	15,000	1,215
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	152,566	6,103	–	–
Share issuance expense	–	(358)	–	(53)
At 31 December	569,862	81,286	300,296	68,521

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 2016

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

Other reserves

(a) *Foreign currency translation reserve*

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

(b) *Employee share option reserve*

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

(c) *Capital reserve*

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

27. Related party transactions

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

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

As at 31 December 2016, certain directors of the Group have provided personal guarantees amounting to approximately $7,900,000 (2015: $655,000) to secure external loans and borrowings from financial institutions for the Group.

(b) ***Compensation of key management personnel***

	Group	
	2016	**2015**
	$'000	**$'000**
Short-term employee benefits	1,371	1,246
Central Provident Fund contributions	52	41
Share-based payment (Employee share option plan)	–	90
	1,423	1,377
Comprises amounts paid to:		
Directors of the Company	874	755
Other key management personnel	549	622
	1,423	1,377

Directors' interests in employee share option plan

During the financial year, 796,000 share options were forfeited due to the resignation of a director.

At the end of the reporting period, the total number of outstanding share options granted by the Company to the directors amount to 2,918,667 (2015: 3,714,667).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

27. Related party transactions (cont'd)

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

As at 31 December 2016, a director of the Company has provided an advance to the Group amounting to $27,000 (2015: $28,000) for general operating activities.

(d) ***Purchase of subsidiaries from a director***

During the financial year, the Company entered into one agreement with a company of which Mr Chan Heng Fai is the ultimate beneficiary, to acquire 99.96% of the issued and paid-up share capital of a subsidiary. In the previous financial year, the Company entered into two agreements with Mr Chan Heng Fai, to acquire the entire issued and paid-up share capital of two subsidiaries (Note 15).

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

Two of the directors hold the exchangeable notes issued by the Group (Note 25), and the interest on these notes amounted to $274,000 (2015: $720,000) for the current financial year. The exchangeable notes were fully redeemed during the current financial year.

(f) ***Premium related to early redemption of exchangeable note***

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 (Note 25), were paid an early redemption premium amounting to $140,000 and $20,000 respectively.

28. Commitments

Operating lease commitments – as lessee

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

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	231	440
Later than one year but not later than five years	424	593
	655	1,033

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $420,000 (2015: $387,000).

29. Financial risk management policies and objectives

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

(a) ***Credit risk***

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

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

Credit risk concentration profile

The Group determines it's concentrations of credit risk by monitoring the country of it's other receivables on an ongoing basis. As at the end of the reporting period, approximately Nil% (2015: 97%) of the Group's other receivables relates to amounts held by a private equity fund lender based in the United States of America (Note 17).

Financial assets that are neither past due nor impaired

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

Financial assets that are impaired

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

(b) ***Liquidity risk***

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and loans and borrowings from various banks. In addition, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows, as laid out in Note 2. At the end of the reporting period, approximately 95% (2015: 89%) of the Group's loans and borrowings (Note 25) will mature in less than one year based on the carrying amounts reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

Analysis of financial instruments by remaining contractual maturity

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

	One year or less $'000	One to five years $'000	Total $'000
Group			
2016			
Financial assets			
Trade and other receivables	314	–	314
Cash and short-term deposits	7,701	–	7,701
Total undiscounted financial assets	8,015	–	8,015
Financial liabilities			
Trade and other payables	(6,072)	–	(6,072)
Loans and borrowings	(36,876)	(2,753)	(39,629)
Total undiscounted financial liabilities	(42,948)	(2,753)	(45,701)
Total net undiscounted financial liabilities	(34,933)	(2,753)	(37,686)
2015			
Financial assets			
Trade and other receivables	6,300	–	6,300
Cash and short-term deposits	10,875	–	10,875
Total undiscounted financial assets	17,175	–	17,175
Financial liabilities			
Trade and other payables	(6,406)	–	(6,406)
Loans and borrowings	(30,386)	(6,377)	(36,763)
Total undiscounted financial liabilities	(36,792)	(6,377)	(43,169)
Total net undiscounted financial liabilities	(19,617)	(6,377)	(25,994)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

	One year or less $'000	One to five years $'000	Total $'000
Company			
2016			
Financial assets			
Trade and other receivables	48,891	–	48,891
Cash and short-term deposits	1,377	–	1,377
Total undiscounted financial assets	50,268	–	50,268
Financial liabilities			
Trade and other payables	(1,783)	–	(1,783)
Loans and borrowings	(16,114)	–	(16,114)
Total undiscounted financial liabilities	(17,897)	–	(17,897)
Total net undiscounted financial assets	32,371	–	32,371
2015			
Financial assets			
Trade and other receivables	23,810	–	23,810
Cash and short-term deposits	3,115	–	3,115
Total undiscounted financial assets	26,925	–	26,925
Financial liabilities			
Trade and other payables	(1,807)	–	(1,807)
Loans and borrowings	(2,903)	–	(2,903)
Total undiscounted financial liabilities	(4,710)	–	(4,710)
Total net undiscounted financial assets	22,215	–	22,215

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 called.

Group and Company	One year or less $'000	One to five years $'000	Total $'000
2016			
Financial guarantees	506	14,500	15,006
2015			
Financial guarantees	812	–	812

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's interest cost would have been $111,000 lower/higher (2015: $8,700 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The interest cost have been capitalised under properties under development, and the Group's carrying value of property under development would have been $111,000 lower/higher (2015: $8,700 lower/higher). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility compared to prior years.

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

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Renminbi (RMB), Hong Kong Dollar (HKD), Australian Dollar (AUD) and United States Dollar (USD). The foreign currencies in which these transactions are denominated are mainly USD. Approximately 33% (2015: 38%) of the Group's activities are denominated in foreign currencies. The Group and the Company also hold cash and short term deposits denominated in foreign currencies for working capital purpose (Note 20). At the end of the reporting period, such foreign currency balances are mainly USD.

Sensitivity analysis for foreign currency risk

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

	Group	
	2016	**2015**
	$'000	**$'000**
	Loss before tax (Decrease)/increase	
USD/SGD – strengthened 5% (2015: 5%)	68	137
– weakened 5% (2015: 5%)	(68)	(137)

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

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in its market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its quoted investment securities (Note 21) and derivative assets (Note 24). The fair value of these financial instruments are quoted from the market, or derived using financial models which take into consideration the share price of the underlying assets as at 31 December 2016. As the Group has minimal holdings in quoted investment securities and derivative assets, it is not significantly exposed to equity price risk and thus equity price risk sensitivity has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

30. Fair value of financial instruments

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

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

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

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

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

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

		Fair value measurements at the end of the reporting period using		
	Note	**Quoted prices in active markets for identical instruments (Level 1) $'000**	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Total $'000**
Group and Company				
2016				
Assets measured at fair value				
Financial assets				
Held for trading financial assets				
– Investment securities (quoted)	21	311	–	311
Derivatives				
– Convertible promissory note	24	–	763	763
– Warrants	24	–	22	22
		311	785	1,096
Liabilities measured at fair value				
Financial liabilities				
Derivatives	24	–	–	–
2015				
Assets measured at fair value				
Financial assets				
Held for trading financial assets				
– Investment securities (quoted)	21	21	–	21
Liabilities measured at fair value				
Financial liabilities				
Derivatives	24	–	1,036	1,036

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

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

Derivatives

Exchangeable notes and 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.

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

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

		Fair value measurements at the end of the reporting period using	
	Note	**Significant unobservable inputs (Level 3) $'000**	**Carrying amount $'000**
Group			
2016			
Liabilities			
Financial liabilities			
Loans and borrowings			
– Corporate bonds (non-current)	25	1,380	1,968
2015			
Liabilities			
Financial liabilities			
Loans and borrowings			
– Straight bond component of exchangeable notes (non-current)	25	3,424	3,500

Determination of fair value – Corporate bonds and straight bond component of exchangeable notes

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

31. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

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

		Group	
	Note	**2016**	**2015**
		$'000	**$'000**
Trade and other payables	22	15,338	14,755
Loans and borrowings	25	36,971	31,973
Total debt		53,309	46,728
Less: Cash and short-term deposits	20	(7,701)	(10,875)
Net debt		44,608	35,853
Total capital		26,001	20,418
Capital and net debt		70,609	56,271
Gearing ratio		63%	64%

32. Segment reporting

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

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

(b) Info-Tech related businesses which are involved in IT hardware and software research and development, and other businesses providing IT-related services to end-users, service providers and other commercial users via multiple platforms;

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. Segment reporting (cont'd)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Management reviews the results of the segment using segment gross profit/loss. Segment assets, liabilities and other expenses are not disclosed as they are not regularly provided to management.

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		**Non-current assets**	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	–	–	23	46
People's Republic of China*	280	–	133	530
United States of America	1,423	4,337	41	59
	1,703	4,337	197	635

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

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

Information about major customers

There are 5 (2015: Nil) major customers contributing revenue which is greater than 10% of total revenue in the current financial year.

32. Segment reporting (cont'd)

	Operating segments								Non-operating segment					
	Construction (Discontinued operation)		Property development		Capital Market Services		Info-Tech related businesses		Corporate and others		Adjustments and eliminations (Note A)		Per consolidated financial statements	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Segment revenue	–	–	1,423	4,337	71	–	209	–	–	–	–	–	1,703	4,337
Segment results														
Gross gain	–	–	57	746	33	–	133	–	–	–	–	–	223	746
Net profit/(loss) before tax	812	186	(2,145)	(721)	(970)	(420)	(1,284)	(4,134)	(2,752)	1,322	(812)	(186)	(7,151)	(3,953)

Note A
Amounts relating to the construction segment have been excluded to arrive at amounts shown in profit or loss as they are presented separately in the statement of comprehensive income within one line item, "loss from discontinued operation, net of tax". Inter segment expense have been eliminated.

Corporate and others segment is a non-operating segment involved in Group-level corporate services and other activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

33. Loss per share

(a) ***Continuing operations***

Basic loss per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December 2016 and 2015:

	Group	
	2016	**2015**
	$'000	**$'000**
Loss for the year attributable to owners of the Company	(7,115)	(3,294)
Add back: Profit from discontinued operation, net of tax, attributable to owners of the Company	(812)	(186)
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	(7,927)	(3,480)
Weighted average number of ordinary shares for basic/diluted earnings per share computation ('000)	403,387	292,036
Basic and diluted loss per share (cents per share)	(2.0)	(1.2)

There is no dilutive effect from the Scheme, outstanding 2016 warrants, bonus warrants and piggyback warrants and exchangeable notes as they are antidilutive. Accordingly, the diluted loss per share was equivalent to basic loss per share.

(b) ***Loss per share computation***

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share computation. These loss and share data are presented in the tables in Note 33(a) above.

34. Contingent liabilities

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 $506,000 (2015: $Nil) (Note 23)

– Corporate guarantees for principal sum up to $14,500,000 (2015: $Nil) in relation to corporate bonds (Note 25) issued by a subsidiary to external parties

Management is of the opinion that the fair value of the above corporate guarantees is not material.

Continuing financial support

As at the end of the financial year, the Company has given undertakings to provide continuing financial support to certain subsidiaries to enable them to operate on a going concern basis and to meet their obligations as and when they fall due for at least 12 months from the end of financial year.

As at the end of the financial year, these subsidiaries had net liabilities totalling $5,067,000 (2015: $2,585,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. Events occurring after the reporting period

In addition to the events occurring after the reporting period disclosed elsewhere in the financial statements, the following events had taken place after the end of the reporting period:

(a) *Conversion of loan from Hengfai Business Development Pte Ltd ("HBD loan")*

On 22 March 2017, the shareholders of the Company approved the conversion of the HBD loan with principal amount of US$10.5 million (equivalent to $15.2 million) (Note 25) into 372,855,000 new shares of the Company at an issue price of $0.04 for each share ("Conversion Share"). The Company shall also issue five (5) free detachable warrants ("Warrants"), each carrying the right to subscribe for one (1) new Share ("Exercised Share") at an exercise price of $0.048 (the "Exercise Price") for each Exercised Share, on the basis of five (5) Warrants for every one (1) Conversion Share to HBD. Subject to completion of the conversion, HBD agrees to waive all interest accrued and outstanding on the HBD loan. Interest is payable on the HBD loan at a rate of 6% per annum commencing from 1 January 2017. As at the date of this report, the conversion has not yet been completed.

(b) *Acquisition of shares in iGalen International Inc and iGalen USA LLC*

On 14 February 2017, the Company announced that its wholly-owned subsidiary in Singapore, Health Wealth Happiness Pte. Ltd. (formerly known as SeD Global Investment Pte. Ltd.) ("HWH"), has acquired and subscribed for 530,000 ordinary shares (representing 53% of the entire issued and paid-up share capital) of iGalen International Inc ("iGalen International"), a company based in Delaware, USA for a total consideration of US$53 (the "Acquisition"). As at the date of the Acquisition, iGalen International has a wholly-owned subsidiary, iGalen USA LLC ("iGalen USA"), which is a company based in USA. The consideration for the Acquisition was arrived at on a willing-buyer willing-seller basis. iGalen International and iGalen USA were acquired to conduct the business of distributing health supplements through network marketing. iGalen International's remaining 47%-share is held by a director of a subsidiary of the Group. Both iGalen International and iGalen USA have not commenced business operations as at the date of the Acquisition.

(c) *Execution of non-binding letter of intent ("LOI")*

On 27 February 2017, the Company announced that its subsidiary, SeD BioMedical Inc. ("SeD Biomed"), has entered into a non-binding LOI with Amarantus BioScience Holdings, Inc. ("Amarantus") in relation to a bridge financing for Amarantus (the "Bridge Financing") and an asset investment into Amarantus (the "Asset Investment"). The LOI is intended to be a basis for further negotiations and does not constitute any legally binding obligations. Prior to the Asset Investment, SeD Biomed will make available funding of up to US$500,000 (equivalent to $724,000) to help Amarantus pay down key expenses, and initiate the process of settling Amarantus' outstanding secured debt and convertible preferred equity securities, in addition to Amarantus' accounts payable. The use of funds will be mutually agreed between Amarantus and SeD Biomed. The Asset Investment is in line with the Group's strategy to diversify and expand its revenue streams by tapping into the growing biomedical industry section as part of its future business direction.

(d) Incorporation of Singapore BioMedical Pte. Ltd. ("Singapore BioMedical")

On 17 March 2017, the Company incorporated a wholly-owned subsidiary in Singapore with an issued and paid-up capital of $2.00. Singapore BioMedical is principally engaged in investment holding.

(e) *Transfer of shares and warrants from Mr Chan Heng Fai ("CHF") to HBD*

As at 20 March 2017, the transfer of 70,933,333 shares and 34,916,665 2016 warrants held by CHF to HBD was completed.

(f) Issuance and allotment of new ordinary shares in the capital of the Company

As at the date of this report, the number of shares of the Company has increased from 569,862,252 to 721,431,297 shares after the allotment and issuance of 151,569,045 new ordinary shares at the exercise price of $0.04 per share pursuant to the exercise of the 2016 warrants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 31 March 2017.

PROPERTIES OF THE GROUP

As at 31 Dec 2016

Under Development

Residential

Country	Location	Land Size	Tenure	No. of Units	Total Unit Size	Equity Interest	Expected year of Completion
Australia	Mandurah, WA	1,003 m^2	Freehold	14	2,240 m^2	100.0%	2018

Subdivsion

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	69.0%	2020
USA	Frederick, MD	797,231 m^2	Freehold	853	N/A	83.6%	2020

Properties Held for Sales

Country	Location	Land Size	Tenure	No. of Units	Total Unit Size	Equity Interest	Expected year of Completion
USA	Houston, TX	4,896 m^2	Freehold	5	794 m^2	100.0%	Completed
USA	Washington, DC	162 m^2	Freehold	1	187 m^2	100.0%	Completed

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2017

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	71	4.97	2,467	0.00
100 – 1,000	315	22.04	179,848	0.02
1,001 – 10,000	416	29.11	2,038,422	0.28
10,001 – 1,000,000	583	40.80	61,862,924	8.58
1,000,001 AND ABOVE	44	3.08	657,347,636	91.12
TOTAL	**1,429**	**100.00**	**721,431,297**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	400,880,462	55.57
2	TOH SOON HUAT	40,000,000	5.54
3	CITIBANK NOMINEES SINGAPORE PTE LTD	33,052,833	4.58
4	FONG KWOK JEN	26,540,400	3.68
5	RAFFLES NOMINEES (PTE) LIMITED	22,656,403	3.14
6	TEO EE SENG	16,178,365	2.24
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	15,025,743	2.08
8	CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,538,646	1.74
9	RHB SECURITIES SINGAPORE PTE. LTD.	11,066,600	1.53
10	TAN FUH GIH	8,668,000	1.20
11	LOH YIH	8,416,670	1.17
12	LI YINGQUAN GAVIN	6,523,600	0.90
13	OCBC SECURITIES PRIVATE LIMITED	3,526,162	0.49
14	MRS CHAU-CHAN SUI YUNG	3,420,000	0.47
15	ANG CHEW KHENG	3,216,000	0.45
16	DBS NOMINEES (PRIVATE) LIMITED	2,897,456	0.40
17	UOB KAY HIAN PRIVATE LIMITED	2,227,856	0.31
18	TEY HANG LIANG	2,065,300	0.29
19	TAN JUI YAK	2,007,190	0.28
20	TAN CHIN WAH	2,000,000	0.28
	TOTAL	**622,907,686**	**86.34**

* No treasury share was issued by the Company.

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2017

PERCENTAGE OF SHAREHOLDING HELD IN THE NAME OF PUBLIC

As at 29 March 2017, approximately 40.84% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Heng Fai Business Development Pte Ltd	386,833,746	53.62%	–	–
Chan Heng Fai[(1)]	–	0.00%	386,833,746	53.62%
Toh Soon Huat	40,000,000	5.54%	–	–

Note:

(1) Heng Fai Businesss Development Pte. Ltd. is wholly-owned by Mr Chan Heng Fai. By virtue of Section 7 of the Companies Act, Cap. 50 of Singapore, Mr Chan Heng Fai is deemed to be interested in the shares which Heng Fai Business Development Pte. Ltd. has an interest in.

STATISTICS OF WARRANTHOLDINGS

AS AT 29 MARCH 2017

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	–	0.00	–	0.00
100 – 1,000	–	0.00	–	0.00
1,001 – 10,000	6	9.23	24,250	0.00
10,001 – 1,000,000	49	75.39	11,862,035	2.24
1,000,001 AND ABOVE	10	15.38	518,569,970	97.76
TOTAL	**65**	**100.00**	**530,456,255**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	PHILLIP SECURITIES PTE LTD	477,773,560	90.07
2	LOH YIH	16,833,350	3.17
3	KWOK YING CHOY	5,400,000	1.02
4	TAN HONG HUAT	5,000,000	0.94
5	CITIBANK NOMINEES SINGAPORE PTE LTD	3,138,495	0.59
6	KHOO HWEE SAN	2,800,000	0.53
7	LIM LEE LEE	2,500,000	0.47
8	M JEGIATHESAN S/O MURUGASU	2,500,000	0.47
9	RAFFLES NOMINEES (PTE) LIMITED	1,324,565	0.25
10	NG THIAN HOO	1,300,000	0.25
11	TEGUH ANDY	1,000,000	0.19
12	ANG HAY KIM	1,000,000	0.19
13	TEO ENG LEE	850,000	0.16
14	DBS NOMINEES (PRIVATE) LIMITED	847,080	0.16
15	SEOW YIN KHOI	738,000	0.14
16	CHEW CHIN WEE (ZHOU JINGWEI)	700,830	0.13
17	LEE KUNFENG DANIEL	700,000	0.13
18	NG KEE CHUAN	500,000	0.09
19	NG WAI YI	500,000	0.09
20	LIM TIONG KHENG STEVEN	450,000	0.08
	TOTAL	**525,855,880**	**99.12**

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

Exercise Period : Commencing on 24 October 2016 and expiring at 5.00 p.m. on a date falling 60 months after 24 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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore eDevelopment Limited (the "**Company**") will be held at Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Room 329, Level 3, Singapore 039593 on Friday, 28 April 2017 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 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of up to S$230,000 and for payment of such Directors' fees quarterly in arrears for the financial year ending 31 December 2017.
(2016: S$230,000) **(Resolution 2)**

3. To re-appoint Ernst & Young LLP, Certified Public Accountants as the Company's Auditors and to authorise Directors of the Company to fix their remuneration. **(Resolution 3)**

4. To re-elect Mr Wong Tat Keung who is retiring pursuant to Regulation 88 of the Company's Constitution. **(Resolution 4)**

   *Mr Wong Tat Keung will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director and a member of the Audit & Risk Management Committee. Mr Wong Tat Keung is considered independent for the purposes of Rule 704(7) of Section B: Rules of Catalist of the Listing Manual (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

   To note the retirement of Mr Basil Chan who is retiring pursuant to Regulations 89 and 90 of the Company's Constitution. Mr Basil Chan has indicated that he will not be standing for re-election at the forthcoming Annual General Meeting. Mr Basil Chan will cease to be a Director of the Company, the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee with effect from the close of forthcoming Annual General Meeting.

   To note the retirement of Mr Chan Yu Meng who is retiring pursuant to Regulations 89 and 90 of the Company's Constitution. Mr Chan Yu Meng has indicated that he will not be standing for re-election at the forthcoming Annual General Meeting. Mr Chan Yu Meng will cease to be a Director of the Company, the Chairman of the Nominating Committee, and a member of the Audit & Risk Management Committee and Remuneration Committee with effect from the close of forthcoming Annual General Meeting.

5. 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:

6. **Authority to allot and issue shares in the capital of the Company and/or instruments**

   "That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue new 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

   (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,

NOTICE OF ANNUAL GENERAL MEETING

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 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.
[See Explanatory Note (i)] **(Resolution 5)**

7. **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 7 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 (ii)] **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

8. **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 (iii)] **(Resolution 7)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 13 April 2017

Explanatory Notes:

(i) The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution 5 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 5) to be allotted and issued pursuant to Ordinary Resolution 5 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 5. 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 5) to be allotted and issued pursuant to Ordinary Resolution 5 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 5. 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.

(ii) The Ordinary Resolution 6 proposed in item 7 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.

(iii) The Ordinary Resolution 7 proposed in item 8 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 **10 Winstedt Road, Block A #02-02, Singapore 227977**, 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.

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*

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 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Room 329, Level 3, Singapore 039593 on Friday, 28 April 2017 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 of the Company for the financial year ended 31 December 2016		
2	Approve Directors' fees of up to S$230,000 and for payment of such Directors' fees quarterly in arrears for the financial year ending 31 December 2017		
3	Re-appointment of Ernst & Young LLP, Certified Public Accountants, as the Company's Auditors and to authorise Directors of the Company to fix their remuneration		
4	Re-election of Mr Wong Tat Keung as a Director of the Company (Retiring pursuant to Regulation 88 of the Company's Constitution)		
5	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		
6	Authority to offer and grant share options and issue shares in accordance with the Singapore eDevelopment Limited Share Option Scheme		
7	Authority to offer and grant share awards and issue shares in accordance with the Singapore eDevelopment Limited Performance Share Plan		

Dated this ____________ day of ________________ 2017

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 proxy form must be deposited at the registered office of the Company at **10 Winstedt Road, Block A #02-02, Singapore 227977**, not less than **72 hours** before the time appointed for holding 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 BASIL
CHAN HENG FAI
CHAN TUNG MOE
CHAN YU MENG
TAO YEOH CHI
WONG TAT KEUNG

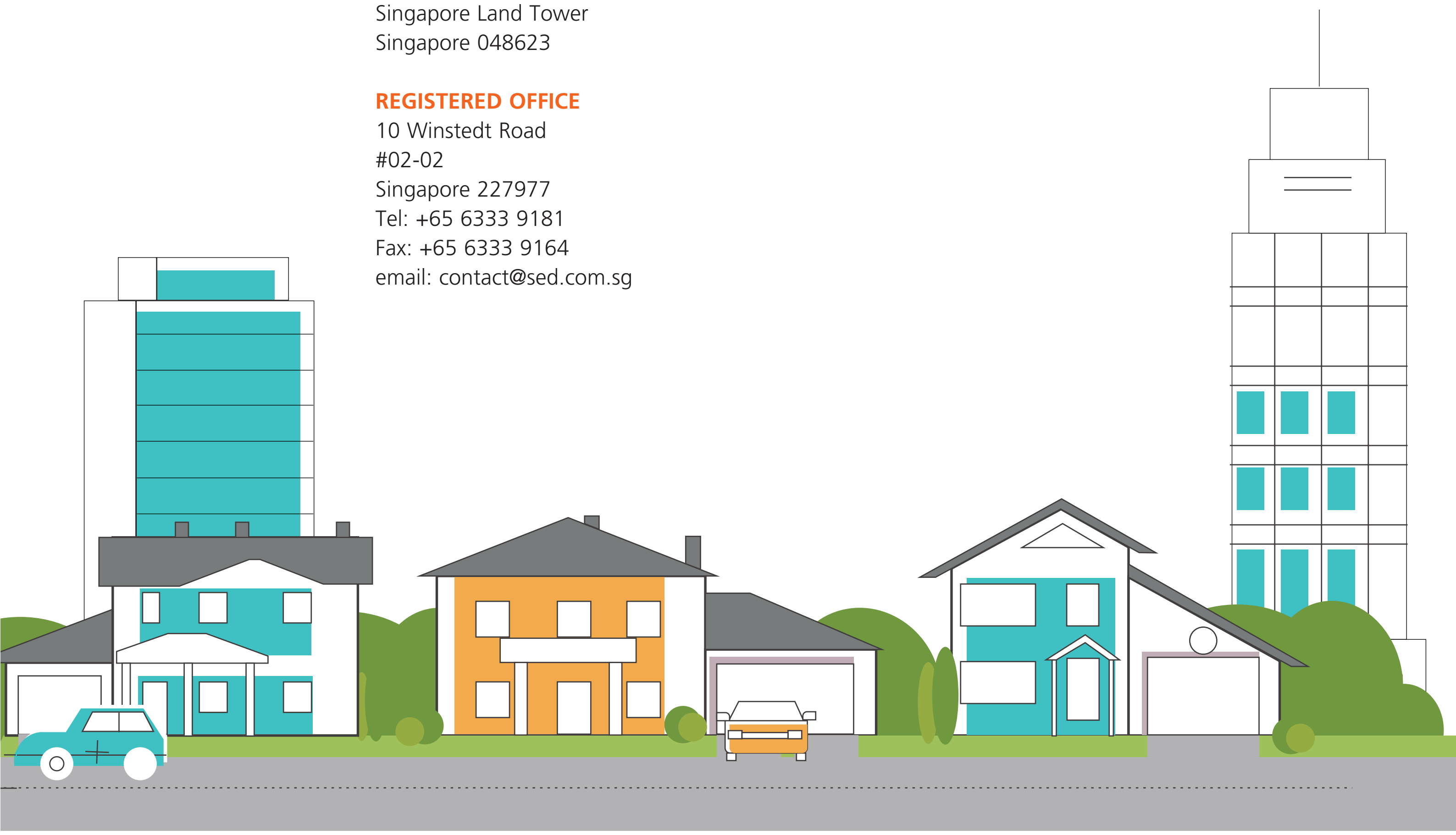
COMPANY SECRETARY
GN JONG YUH GWENDOLYN
(LLB Hons)
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

SHARE REGISTRAR
BOARDROOM CORPORATE & ADVISORY
SERVICES PTE LTD
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

REGISTERED OFFICE
10 Winstedt Road
#02-02
Singapore 227977
Tel: +65 6333 9181
Fax: +65 6333 9164
email: contact@sed.com.sg

AUDITORS
ERNST & YOUNG LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner In Charge: Ng Weng Kwai Philip
(Since financial year ended
31 December 2016)

SPONSOR
HONG LEONG FINANCE LIMITED
16 Raffles Quay
#40-01A Hong Leong Building
Singapore 048581



SINGAPORE eDEVELOPMENT LIMITED

www.sed.com.sg

(Company Registration No.: 200916763W)
10 Winstedt Road #02-02
Singapore 227977
Email: contact@sed.com.sg
Tel: +65 6333 9181
Fax: +65 6333 9164