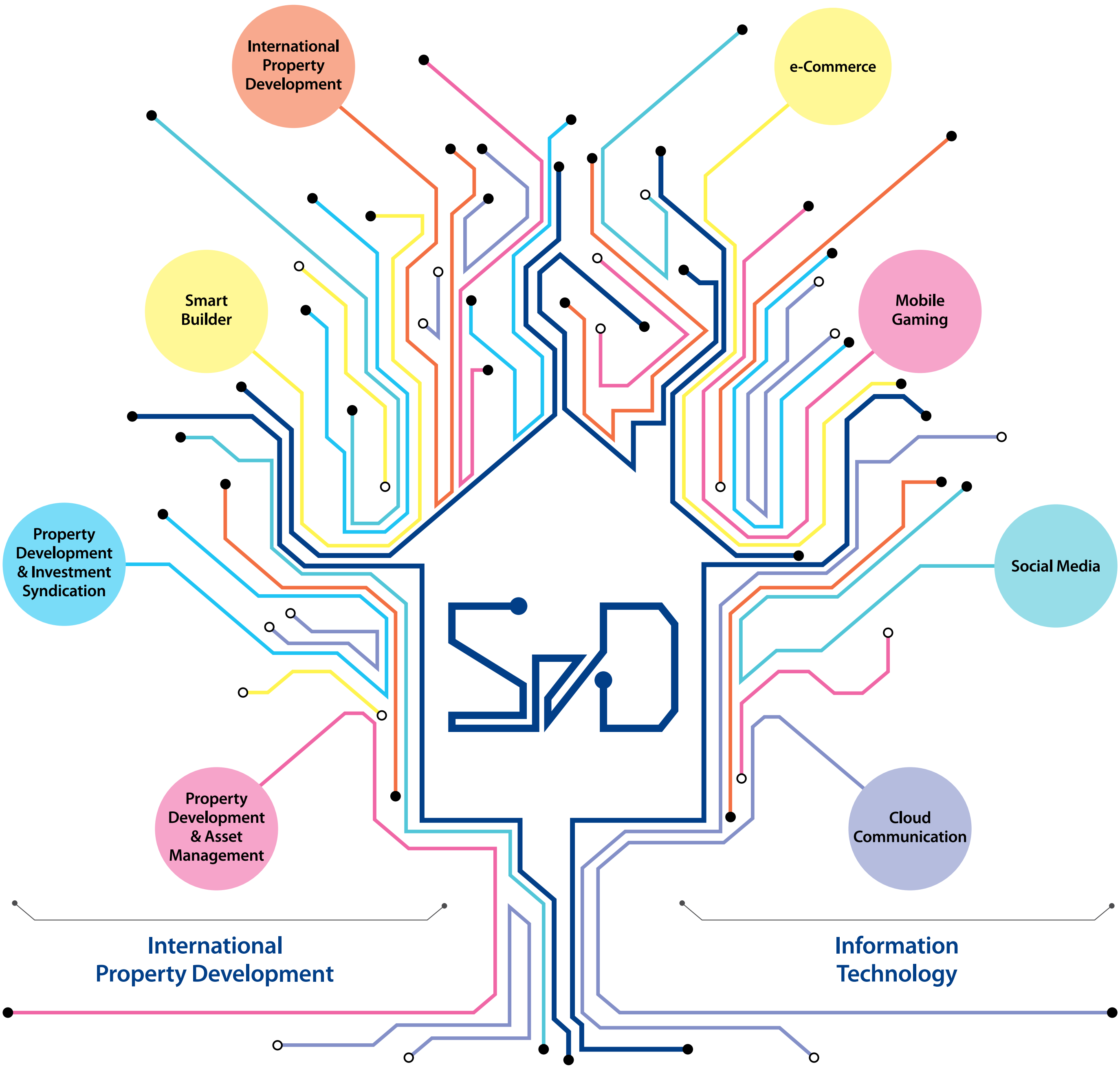

Singapore eDevelopment Limited

Annual Report 2014

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

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

The contact person for the Sponsor is Mrs Joan Ling-Lau, SVP, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, telephone: +65 6415-9886.

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Company Profile

Incorporated on 9 September 2009 and listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") since July 2010, Singapore eDevelopment Limited ("SeD" and its subsidiaries collectively, the "Group") underwent a restructuring and a name change in 2014. Together with its new corporate identity, it unveiled its twin-engine growth strategy in (i) international property development; and (ii) Information Technology ("Info-Tech")-related businesses.

Under its first engine, SeD is pursuing property development projects overseas, primarily in the United States and Western Australia, where the real estate market has optimistic prospects for capital appreciation and attractive yields.

The Group recognises that the Info-Tech space – including social media, mobile communications, cloud computing and e-commerce – has entered an era of accelerated growth. Through its second engine, it plans to invest in such high-growth businesses or take on new business activities – including developing and incubating platforms, products and applications that are scalable and global – to accelerate the Group's growth.

SeD will continue to leverage on the experience and expertise of its management and its clear strategic direction to enhance shareholder value.

First Growth Engine – International Property Development

Singapore eDevelopment Limited's first growth engine capitalises on its network of established partners to provide various offerings on the property development front. SeD is currently working on three property-related projects in the United States and one in Australia.

eco-friendly

designer

quality

Second Growth Engine – Information Technology

e-commerce
social

Singapore eDevelopment Limited's second engine of growth in Information Technology businesses leverages on the potential of exponential growth in this sector with a view to enhance shareholder value. Towards this end, SeD has acquired the HotApp mobile application that combines voice calling, instant messaging, social community and e-commerce on its platform.

mobile

cloud

Dear Shareholders,

I am pleased to deliver my first message to shareholders since my appointment on 28 April 2014 as Non-Executive Chairman of Singapore eDevelopment Limited ("SeD"). The financial year ended 31 December 2014 ("FY2014") marked a major milestone in the transformation of our Company.

In a single and very eventful year, we completed the disposal of the loss-making legacy Singapore construction business; announced a change in corporate identity; and unveiled a corporate recovery plan which included fund raising activities and two new engines of growth.

It has been a very busy year for the entire team and much more remains to be done as we forge ahead to recover and enhance shareholder value. We held 18 board meetings to address the many issues on hand as we endeavoured to transform the Group. Much of this effort came from our Chief Executive Officer, Mr Chan Heng Fai, who was instrumental in charting the new course. We are taking two strategic approaches – international property-related development and investment (presently focused on the United States); and Information Technology ("Info-Tech") activities. The seeds of these two strategies were planted in the year under review; we look to their fruits in the coming years.

Chairman's Statement

First Growth Engine – International Property Development
The U.S. real estate market is entering a period of recovery at a time when many Asian markets are maturing or impacted by government cooling measures. The Group has built the first of two corporate engines to tap opportunities in the United States and, to a lesser extent, in Australia. This strategy leverages on the experience and business network of Mr Chan Heng Fai and his team appointed since April 2014.

To date we have embarked on two projects in the United States: a) Black Oak in Houston, Texas, for which the land purchase cost amounted to US$8.7 million; and b) Ballenger Run in Frederick, Maryland, where we have contracted to acquire a parcel of land for US$15.65 million.

On 30 March 2015, we announced the incorporation of SeD Home USA Inc. ("SeD USA"), a U.S. limited liability company. We intend for this vehicle to hold our U.S. property development assets and to tap the U.S. capital and debt markets for future expansion.

Apart from these U.S. properties, the Group holds three waterfront residential sites in Mandurah City, Perth, Australia, where we plan to develop apartments for sale.

Second Growth Engine – Information Technology Businesses
During the year under review we unveiled our second business strategy – to develop new revenue streams in the area of mobile commerce and communications ("Info-Tech businesses"). We acquired HotApps International Pte. Ltd. ("HotApp SG") – whose HotApp application is designed to offer a combination of instant messaging, voice communications and discussion rooms, among other offerings.

Subsequent to the acquisition of HotApp SG, we entered into a corporate transaction under which a U.S. corporation – Fragmented Industry Exchange Inc ("FIE") – acquired HotApp SG for a total consideration of US$700 million in common and preferred shares. FIE has since been renamed HotApp International Inc. ("HotApp US"). Prior to the year end, we increased our equity stake in HotApp US from 19.5% to 97.9%. These corporate actions are intended to allow us to tap the U.S. capital market and accelerate HotApp's growth in North and South America.

We are pleased to announce the launch of HotApp in China during the first quarter of 2015. The management team will be working to launch HotApp in other geographical regions in the course of 2015.

Financial Performance
Our financial performance in FY2014 must be viewed in the context of the various actions outlined above – losses and write-offs related to the legacy construction business as well as investments and costs incurred to build up these two new engines of growth.

Our FY2014 financial statement is presented as (i) Continuing Operations, comprising property development and Info-Tech-related businesses; and (ii) Discontinued Operation, comprising construction activities under CCM Industrial Pte. Ltd. ("CIPL") which was disposed of in May 2014 and Singapore Construction Pte. Ltd. ("SCPL"). We will not continue the construction business in Singapore.

In FY2014, we recorded a net loss of S$20.7 million of which the Discontinued Operation accounted for S$13.1 million. The legacy construction business incurred significant operating losses and various calls on performance bonds issued to its clients. The activities of Continuing Operations were at their respective development stages during the year. These development costs, together with various restructuring and financial-related costs, resulted in the Group recording a net loss of S$7.6 million.

We have made significant progress on both fronts – property development and Info-Tech related businesses – but there is a gestation period for the results to show, even as we embark on a new chapter for SeD.

We enter FY2015 with a stronger balance sheet of S$39.5 million as at 31 December 2014 – of which S$21.2 million comprises cash and cash equivalent attributable to the fund-raising efforts in FY2014. This has allowed the Group to exit our legacy loss-making construction business, thereby setting us on course to corporate recovery.

Changes to Board of Directors and Key Management
FY2014 was an eventful year with several changes to our Board of Directors and key management.

We wish to thank:
- Mr Liew Sen Keong, the founder of CCM Group Limited, who stepped down on 14 April 2014 as Executive Chairman and Chief Executive Officer, and on 28 April 2014 from the Board of Directors. We would like to extend our appreciation to Mr Liew for his contributions over the years.
- Mr Wong Yee Leong who resigned as the Non-Executive Director on 25 March 2014.
- Dr Tan Eng Khiam, who stepped down as Independent and Non-Executive Director on 28 April 2014.

We would like to welcome Mr Chan Heng Fai who agreed to take on the role of Executive Director and Chief Executive Officer of the Group on 1 March 2014 and 28 April 2014 respectively. Mr Chan has vast experience in property development and a successful track record in corporate restructuring. He also has expertise in the finance and banking sectors and certainly will be an invaluable asset to the Group.

We would also like to welcome Mr Chew Sien Lup, who took on the role of Chief Financial Officer on 20 August 2014.

Appreciation
On behalf of the Board of Directors, we thank all our customers and business partners for their support, and management and staff for their dedication and contributions. Above all, we express our sincere appreciation to shareholders for their faith in and support of the Company as we navigate this transformation.

While we recognise the challenges ahead, we are optimistic about the execution of our twin-engine strategy as we forge ahead towards corporate recovery.

Basil Chan
Non-Executive Chairman
2 April 2015

Dear Shareholders,

I took over as Chief Executive Officer of Singapore eDevelopment Limited ("SeD") on 14 April 2014 amid a very challenging situation. The legacy Singapore construction business under the previous management had a bleak future amidst rising labour and material costs as well as shortage of workers.

The job of the new management in the year under review comprised disposing the legacy business, sorting out difficult financial matters such as the performance bonds and write-offs tied to the legacy business, raising funds for working capital and finally to draw up and execute a new business direction.

Our work to transform SeD has only just begun. We have taken the first few steps of our business strategy. The scorecard for the financial year ended 31 December 2014 ("FY2014") represents the closure of a loss-making legacy business as well as initial start-up costs for our future investments. It is with this in mind that I pen these words to outline in greater detail our efforts to date to carve a new corporate destiny anchored on two engines of growth. The first is international property development and investment; and the second involves investments and activities in Information Technology ("Info-Tech") related businesses.

CEO Message

First Growth Engine – International Property Development

Even as the Singapore property market faces challenges from high land and construction costs as well as Government cooling measures, there are pockets of growth in overseas markets which are entering different cycles. We saw opportunities in the United States, a market that I am very familiar with. Capital values are low, offering meaningful upside potential as job and wage growth will mean higher demand for homes and offices.

Leveraging on our experience and network, we started up our first engine of growth through a US$4.3 million equity investment in February 2014 to acquire a parcel of land in Houston, Texas, United States ("Black Oak"). This is a land infrastructure development and sub-division project measuring 136 acres. We financed this acquisition via issuing S$5 million 18% Exchangeable Notes even before our legacy business was disposed of, with a high coupon reflecting the risk premium ascribed to our Company at that time. For Black Oak, we are not building the actual homes. We are carving out the land parcels and adding infrastructure as we sell the lots. I am pleased to inform shareholders that the project has received pre-sales commitments for 61% of the total lots (or a total value of US$28.8 million). The Group has also increased its stake in Black Oak from 60% to 64%.

In January 2015, we entered into a contract to acquire our second U.S. property project – a 197-acre land sub-division development, near Washington D.C., in Frederick County, Maryland ("Ballenger Run"), with closing expected to take place before end of August 2015. Again, I am pleased to report that we have secured pre-sales commitments for 52% of the units representing 89% of the project's estimated gross development value of approximately US$67.1 million – through agreements with NYSE-listed home builder, NVR Inc., effective upon closing of the land acquisition. This underscores the management's track record and network and we look forward to more of such future collaborations. We expect to recognise revenue from Ballenger Run over five years commencing from FY2016.

Building on our forays into U.S. property development, we started on an initiative to market to Asian investors completed U.S. single-family homes with existing tenants, i.e. home incubation, by leveraging on the vast network of our partners – U.S.-based Inter-American Development Inc and Hong Kong-based realtor, SLP-M.O.R.E. Limited. We have acquired 27 such homes and received purchase interests for 23 homes after marketing them in Hong Kong. We intend to grow this business segment and have expressed interest to acquire "ready-to-build" lots in different cities that have high demand for homes.

On 30 March 2015, we announced that we have incorporated SeD Home USA Inc. ("SeD USA"), a U.S. limited liability company which will be used to hold current and future U.S. property assets. We hope to tap the capital and debt markets more effectively with such a corporate structure.

The formation of SeD USA and the home incubation initiative are elements of a more comprehensive investment banking approach to property development, chiefly for the U.S. market. Having established a track record with two projects in the United States, we intend to start tapping the U.S. capital or credit markets while at the same time widening our network of Asian customers who want to own U.S. homes directly.

We will build on these initiatives to distill other elements of the strategy including taking on more projects, being involved in development directly or as part of a syndicate or partnering with local U.S. builders who want to focus on building the homes without taking the risk of first owning the land. This enhanced strategy is still evolving and we will update shareholders once details are clearer.

In addition to our U.S. properties, the Group holds three waterfront residential sites in Mandurah City, Western Australia, where we plan to develop 11 apartment units for sale. We expect to market the project this year and complete the development within 18 months of obtaining development approval.

Second Growth Engine – Information Technology Businesses

Our focus for the Info-Tech related businesses is to leverage on the potential of growth of this sector to enhance shareholder value. Towards this end, we acquired HotApps International Pte. Ltd. ("HotApp SG") which owns the HotApp mobile application that will combine voice calling, instant messaging, social community and e-commerce seamlessly on its mobile application.

At the core, HotApp SG seeks to create virtual communities that engage and communicate easily through the HotApp platform. HotApp SG intends to first build up a large user base on a "freemium" basis and then progressively offer paid services for more advanced services or features.

We have launched HotApp in China in the first quarter of 2015 and will be extending it to other countries.

In FY2014, we also incorporated Cloudtech International Pte. Ltd. as a Singapore-domiciled vehicle intended to forge strategic partnerships with content platforms and other specialised sub-verticals to further grow and enhance our IT business.

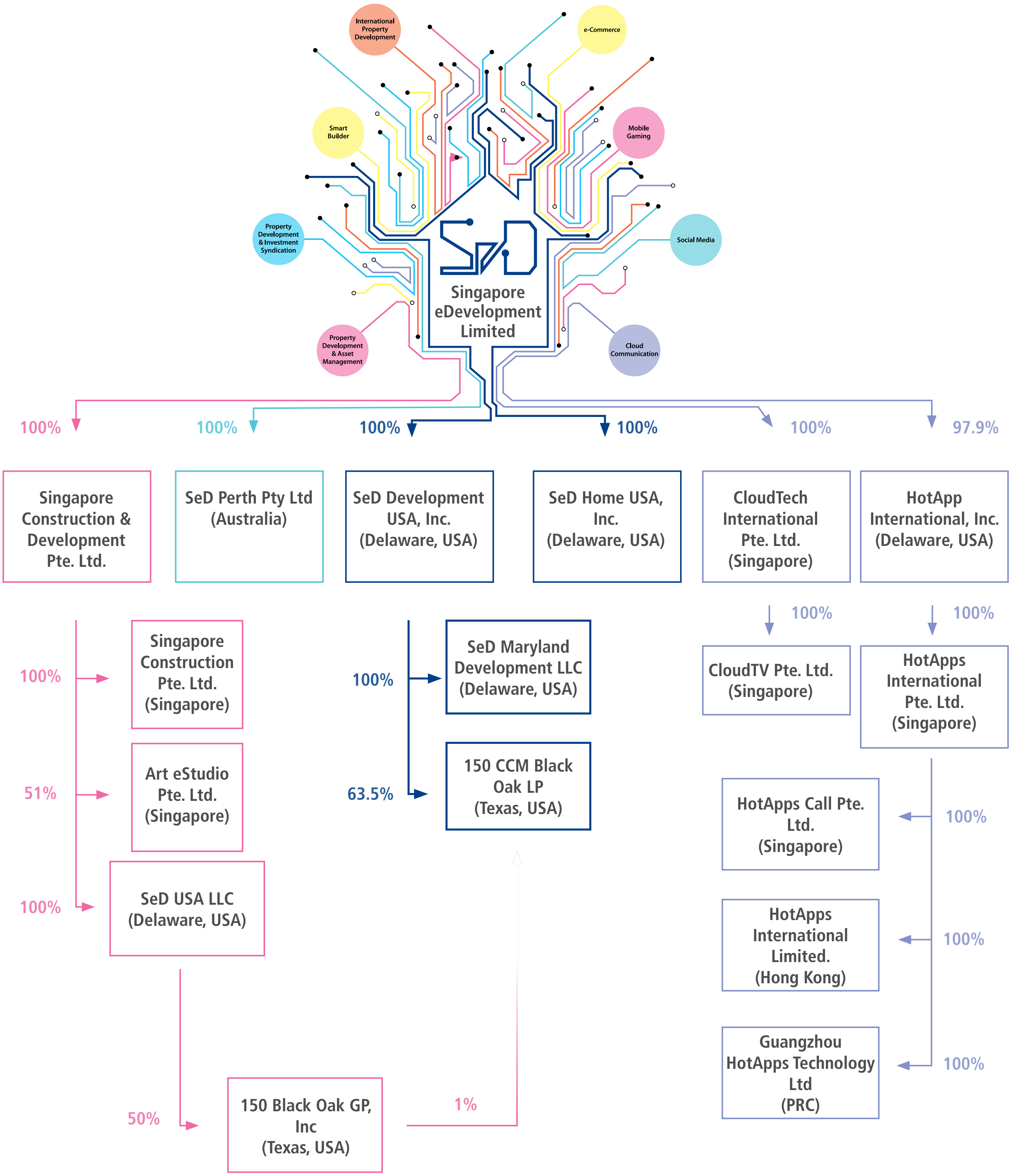
Outlook

Having fired up both engines, our relentless focus is to ensure that each growth division will chart its own direction rigorously while seeking to enhance shareholder value.

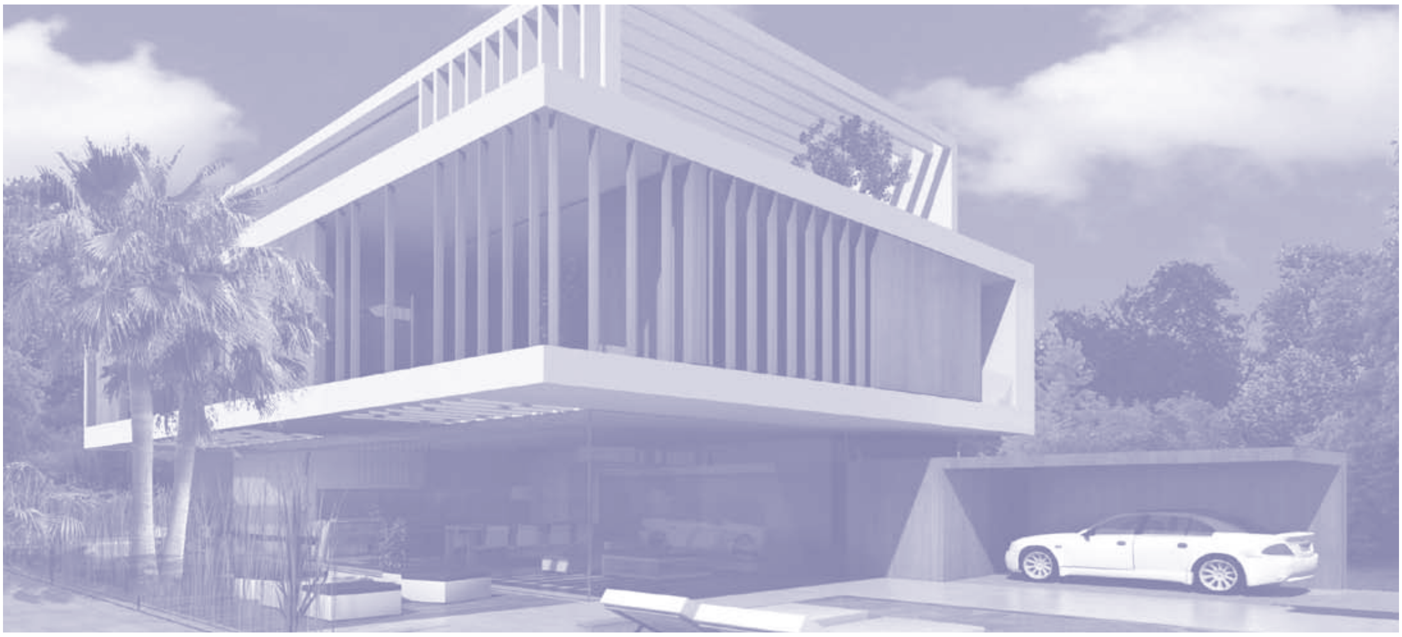
I sincerely thank the management team, staff and partners who have put in so much effort in a highly eventful year. I look forward to the continued support of shareholders as we chart the new corporate destiny of SeD.

Chan Heng Fai
Executive Director and Chief Executive Officer
2 April 2015

Group Structure



Financial Review



Following the disposal of the Group's legacy loss-making construction business in Singapore ("CIPL") during the financial year ended 31 December 2014 ("FY2014"), SeD's financial performance has since been presented as Continuing Operations and Discontinued Operation.

Continuing Operations

The Group's Continuing Operations comprises Property Development and Information Technology Related Businesses – both of which did not generate any revenue during FY2014.

During the year under review, the Black Oak project in Houston, United States, was still at an early development stage and will only record revenue on legal completion of sale transactions for the project. On the same revenue recognition basis, the Group will only record sales of tenanted single-family homes (also in Houston) if there is a legal completion of the transactions.

The Group incurred marketing expenses which comprised mainly of advertising costs in promoting sales of tenanted homes in Houston United States.

The HotApp application ("HotApp") is in the final stage of development pending its commercial launch, and thus has yet to generate revenue. HotApp incurred research & development and operational expenses comprising mostly of employee costs (mainly in China), network operation related expenses and other pre-launch related expenses in FY2014.

Administrative expenses for the Group increased significantly by S$3.3 million in FY2014 compared to FY2013 due mainly to (i) higher legal and professional fees arising from the Group's restructuring exercise (including major fund raising in FY2014), issuance of Exchangeable Notes (for its property development project in the U.S.), disputes of contracts and disposal of CIPL; (ii) share-based compensation from the employee share options; (iii) withholding tax and (iv) additional staffing.

Other expenses in FY2014 were related to the net change in fair value of the financial derivative (arising from revaluation of the exchange rights held by holders of Exchangeable Notes for new ordinary shares of the Company) and a write-off of listing expenses – due to the excess of purchase consideration over the net liabilities from the acquisition of HotApp International, Inc ("HotApp US"), formerly known as Fragmented Industry Exchange, Inc.

Financial Review

Other income in FY2014 comprised mainly of an unrealised foreign exchange gain resulting from appreciation of the US Dollar against the Singapore Dollar, which meant that US Dollar-denominated loans receivable by the Company from the Group's property operation in the United States was higher when expressed in Singapore Dollars.

Consequently, Continuing Operations incurred a net loss after tax of S$7.7 million.

Discontinued Operation

The Group disposed its construction business held under CIPL on 21 May 2014. Following the disposal, the Group conducted a strategic review of its remaining construction activities under Singapore Construction Pte. Ltd. ("SCPL"). As there were no outstanding construction activities, the management terminated its construction business in Singapore and these were presented as Discontinued Operation in FY2014.

The Discontinued Operation recorded a net loss after tax of S$13.1 million, due mainly to (i) the operating loss of CIPL prior to its disposal on 21 May 2014; and (ii) provision for claims arising from corporate indemnities previously issued as performance guarantees, offset by the gain on disposal of CIPL.

Financial Position

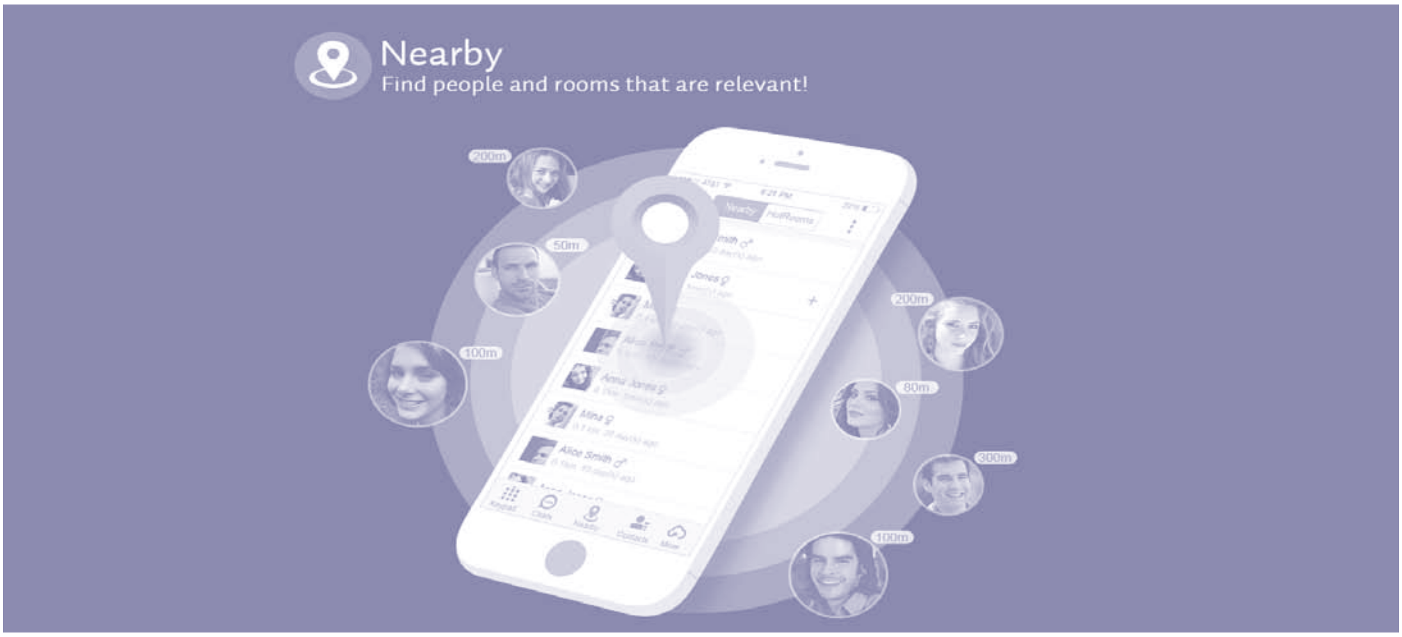
Following the disposal of CIPL, the balance sheet of CIPL was excluded from the consolidated balance sheet.

Properties under development was S$17.3 million as at 31 December 2014, which comprised land purchase costs, project financing costs (which have been capitalised), project management and development costs in relation to the land acquisition of Black Oak in Houston, United States, and Mandurah, Western Australia.

Provision for claims of S$3.5 million as at 31 December 2014 represented a 50% provision recorded by the Group for the corporate indemnities previously provided to the since-disposed CIPL.

In FY2014, the Group's property development businesses were mainly funded by Exchangeable Notes (S$5.0 million), net proceeds from the Rights Issue (S$9.2 million) and a bank loan for Mandurah project (S$0.7 million). Arising from the issuance of Exchangeable Notes, the Group had recorded an embedded financial derivative liability of S$5.9 million due to the revaluation of the exchange rights held by holders of Exchangeable Notes.

Financial Review



The Group also received a S$3.0 million interest-free loan from a former director to fund CIPL prior to its disposal. S$1.5 million of this loan had since been set off against certain obligations by the former director under the disposal of CIPL.

The Group's net equity attributable to the owners of the Company increased by S$33.6 million to S$21.8 million as at 31 December 2014 (an improvement compared to a capital deficiency of S$11.8 million as at 31 December 2013). The increase was due mainly to new share capital from the exercises of Bonus and Piggyback Warrants and issuance of Rights Shares.

Taking into account the proceeds from the exercises of Bonus and Piggyback Warrants; issuance of Right Shares and de-recognition of net liabilities of CIPL upon its disposal, the Group reversed from a net working capital deficiency of S$14.2 million as at 31 December 2013 to a positive net working capital of S$24.8 million as at 31 December 2014.

Review of Consolidated Cash Flow Statement

The Group's cash and cash equivalents increased by S$23.5 million to S$21.2 million as at 31 December 2014, compared to a deficit of S$2.3 million as at 31 December 2013. The increase was due mainly to net cash of S$61.3 million raised via issuance of new shares pursuant to the exercise of Bonus Warrants, Piggyback Warrants, issuance of Exchangeable Notes, Rights Issue and proceeds from other borrowings.

Net cash used in operating activities in FY2014 was S$37.0 million. Operating activities before changes in working capital used S$16.6 million in cash due mainly to payment of S$12.5 million performance bond liabilities. The remaining S$19.3 million was invested as properties under development in United States and Australia, and other working capital.

Net cash used in investing activities was S$0.8 million principally due to the acquisition of HotApp US and its subsidiaries after accounting for a fall in cash on disposal of CIPL.

Board of Directors

Mr Basil Chan

Mr Basil Chan was appointed as Chairman of the Group on 28 April 2014 and as an Independent and Non-Executive Director and Chairman of the Company's Audit and Risk Management Committee since 1 March 2014.

He is the Founder and Managing Director of MBE Corporate Advisory Pte. Ltd., and sits on the board of several other public listed companies in Singapore as their Independent, Non-Executive director. Mr 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 Chan was formerly a director and member of the Governing Council of the Singapore Institute of Directors where he had served for almost 12 years.

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

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

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

Mr Chan Heng Fai

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

Mr Chan is an expert in banking and finance, with years of experience in the industry. He has also restructured 35 companies in various industries and countries in the past 40 years.

Mr Chan is currently the Managing Chairman of HKSE-listed Heng Fai Enterprises Limited and is responsible for its overall business development. He is also Non-Executive Director of ASX-listed bio-technology company Holista Colltech Ltd.

Mr Chan was also formerly (i) the Managing Director of SGX Catalist-listed SingHaiyi Group Ltd, which under his leadership, transformed from a failing store-fixed business provider with net asset value of less than S$10 million into a property trading and investment company and finally to a property development company with net asset value over S$150 million before Mr Chan ceded controlling interest in late 2012; (ii) the Executive Chairman of China Gas Holdings Limited, a formerly failing fashion retail company listed on SEHK which, under his direction, was restructured to become one of a few large participants in the investment in and operation of city gas pipeline infrastructure in China; (iii) a Director of Global Med Technologies, Inc., a medical company listed on NASDAQ engaged in the design, development, marketing and support information for management software products for healthcare-related facilities; (iv) a Director of Skywest Ltd, an ASX-listed airline company; and (v) the Chairman and Director of American Pacific Bank.

In 1987, Mr Chan acquired American Pacific Bank, a U.S. full-service commercial bank, and brought it out of bankruptcy. 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", ranked #6 in Oregon state, ahead of name such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

Board of Directors

Mr Teh Wing Kwan

Mr Teh Wing Kwan was appointed to the Board on 3 June 2013. Mr Teh specialises in corporate finance, corporate restructuring and mergers and acquisitions. He has significant experience being a financial professional, advising and investing in companies, family-owned enterprises and regional asset owners with their businesses listed or preparing to list in Singapore, Australia, Malaysia, Vietnam and Taiwan.

Mr Teh is currently the Group Chief Executive Officer and Managing Director of SGX-listed Sapphire Corporation Limited, a Non-Executive and Non-Independent Director of ASX-listed Asian American Medical Group Limited and an appointed advisor to the Board of SGX-listed Koda Ltd. He also served as Non-Executive director of a HKSE-listed company and was also appointed Audit Committee Chairman & Independent Director of other SGX-listed companies.

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

Mr Chan Yu Meng

Mr Chan Yu Meng was appointed as an Independent and Non-Executive Director on 27 June 2013 and Chairman of the Company's Nominating Committee since 8 January 2014.

Mr Chan graduated from the University of Durham in 1995 and was called to the Singapore Bar in 1997. He is a Partner in Lee & Lee, a legal firm, and practices in the areas of mergers and acquisitions, capital markets, joint ventures, corporate finance, corporate restructuring, securities law, stock exchange practice and corporate secretarial matters. He also has prior experience as a litigation counsel. He currently serves as an Independent Director of SGX-listed PSL Holdings Limited and has previously served as an Independent Director on the board of Creative Master Bermuda Limited.

Mr Tao Yeoh Chi

Mr Tao Yeoh Chi was appointed as an Independent and Non-Executive Director of the Company on 27 June 2013 and Chairman of the Company's Remuneration Committee since 8 January 2014.

He started his career in 1976 in the Administrative Service of the Government of Singapore where he worked in the Ministry of Defence, Ministry of Education, Ministry of Finance, Ministry of Communications and Information and Prime Minister's Office holding various senior positions. He was subsequently seconded to Temasek Holdings where he held the position of General Manager in its wholly owned Hong Kong subsidiary. From 1988 to 1999, he worked for large Singapore multinational companies such as Times Publishing Ltd, Singapore Technologies Pte Ltd and Media Corporation of Singapore. In 2002, Mr Tao started his own education business. He was appointed as the Senior Consultant of Zuellig Insurance Brokers Ptd. Ltd., Accette Holdings Ltd. and Asia Risk (HK) Ltd. where his main role was to advise these companies on the PRC government policies relevant to insurance brokers and the risk management sector. In 2005, Mr Tao was appointed as the International Strategy Adviser of the China Institute of Directors.

Mr Tao is currently the Independent Director of Hanwell Holdings Ltd and Sapphire Corporation Ltd, which are listed on the SGX-ST.

Mr Tao graduated from the University of Newcastle, Australia, in 1974 with a Bachelor of Arts (Economics) and a Bachelor of Engineering with First Class Honours in 1975. He was awarded the INSEAD Executive Program Scholarship and completed the INSEAD Executive Program in 1983.

Corporate Governance Report

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

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

This report describes the Company's corporate governance practices with specific reference to the Code for the financial year ended 31 December 2014 ("**FY2014**"). In line with the Code, the Board hereby confirms that the Company has adhered to the principles and guidelines of the Code and all deviations from the Code are disclosed and explained.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

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

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

To assist the Board in the execution of its responsibilities, specialised committees of the Board, namely the Audit and Risk Management Committee ("**ARMC**") Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Investment Committee ("**IC**") have been established and delegated certain functions (collectively, the "**Board Committees**"). If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee, such delegation is disclosed. The ARMC, NC and RC operate within clearly defined terms of reference and operating procedures and these terms of reference and operating procedures are reviewed on a regular basis. On 5 May 2014, the Board reviewed and reconstituted the Board Committees upon the change in board composition after the last Annual General Meeting ("**AGM**") on 28 April 2014. Following the reconstitution, the former Risk Management Committee ("**RMC**") has been merged with the Audit Committee to form a new ARMC, and the IC was dissolved[1]. Further details of the scope and functions of the ARMC, NC and RC are provided under the sections on Principles 4, 5, 7, 8, 11 and 12 of this report.

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

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

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

1 On 14 January 2015, the Board had dissolved and discharged its Investment Committee which was comprised of Mr Chan Heng Fai and Mr Teh Wing Kwan. The responsibilities of the Investment Committee will be directly undertaken by the Board.

Corporate Governance Report

The number of the Board and ARMC, NC and RC meetings and the attendance of each Director during his /her appointment, at the meetings for **FY2014** is as follows:

	Board		**Audit & Risk Management Committee**		**Remuneration Committee**		**Nominating Committee**	
	No of meetings held *	**No of meetings attended**	**No of meetings held ***	**No of meetings attended**	**No of meetings held ***	**No of meetings attended**	**No of meetings held ***	**No of meetings attended**
Basil Chan(1)	13	13	5	5	1	1	N.A.	N.A.
Chan Heng Fai(2)	18	16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Teh Wing Kwan(3)	18	15	N.A.	N.A.	N.A.	N.A	N.A.	N.A.
Chan Yu Meng(4)	18	16	6	4	2	2	1	1
Tao Yeoh Chi(5)	18	15	6	5	2	2	1	1
Liew Sen Keong(6)	7	7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Wong Yee Leong(7)	6	6	N.A.	N.A.	N.A.	N.A.	1	1
Dr. Tan Eng Khiam(8)	7	4	6	1	1	1	N.A.	N.A.
Aloysius Wee Meng Seng(9)	2	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Pui Yee(10)	2	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Tien Chih(10)	2	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:

* during his/her appointment as a Director of the Company.

(1) Basil Chan was appointed to the Board as an Independent Director and as the Chairman of the ARMC with effect from 1 March 2014. He was appointed as Non-Executive Chairman of the Board with effect from 28 April 2014 following the retirement or Mr Liew Sen Keong. Further, he was appointed to the RC with effect from 5 May 2014 following the reconstitution of Board Committees.

(2) Chan Heng Fai was appointed to the Board as a Non-Executive Director and a member of the AC, NC and RC with effect from 31 May 2013. He ceased to be a member of the AC, NC and RC on 8 January 2014. He was re-designated as an Executive Director with effect from 1 March 2014 and re-appointed to the NC with effect from 25 March 2014 following the resignation of Mr Wong Yee Leong. Mr. Chan was appointed as the Chief Executive Officer of the Company with effect from 28 April 2014.

(3) Teh Wing Kwan was appointed to the Board as a Non-Executive Director with effect from 3 June 2013. Mr Teh was appointed as a member of the ARMC with effect from 14 January 2015.

(4) Chan Yu Meng was appointed to the Board as an Independent Director with effect from 27 June 2013 and as the Chairman of the NC, and a member of the ARMC and RC, with effect from 8 January 2014.

(5) Tao Yeoh Chi was appointed to the Board as an Independent Director with effect from 27 June 2013 and as the Chairman of the RC, and a member of the ARMC and NC, with effect from 8 January 2014.

(6) Liew Sen Keong had retired as Executive Chairman and Chief Executive Officer on 14 April 2014 and he ceased to be the Non-Executive Chairman and a member of the IC and RMC at the Company's AGM on 28 April 2014.

(7) Wong Yee Leong was appointed to the Board as a Non-Executive Director with effect from 5 June 2013 and as a member of the NC with effect from 8 January 2014. He has resigned from the Board and accordingly as a member of the NC with effect from 25 March 2014.

(8) Dr. Tan Eng Khiam had retired at the Company's AGM on 28 April 2014 and he ceased to be a member of the ARMC and RC on the same day.

(9) Aloysius Wee Meng Seng resigned as Independent Director from the Board and accordingly as the Chairman of the NC and a member of the AC, RC and RMC with effect from 1 February 2014.

(10) Chan Pui Yee and Chan Tien Chih resigned as Executive Directors of the Board with effect from 1 February 2014.

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

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

The Directors are conscious of the importance of 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 Board Committee Member, as and when necessary.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgment 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.

At the date of this report, the Board comprises five (5) Directors, out of which three (3) are Independent Directors, one (1) is a Non-Executive Director and the remaining one (1) is Executive Director. There is a strong and independent element on the Board, capable of exercising objective judgment on corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. The Independent Directors chair all Board Committees.

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

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

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

The NC considers the Board's present size adequate for effective decision-making taking into account the nature and scope of the Company's current operations. As the Company is continually charting its growth strategy, the NC will continuously review the composition and size of the Board on an annual basis to ensure that it will have the necessary competencies for effective decision-making.

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

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

Information on the interests of Directors who held office at the end of the financial year in shares and debentures and share options in the Company and in related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Report on page 36 of this Annual Report.

PRINCIPLE 3: EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

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

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;
- establishing the terms of reference for NC;
- re-nominating Directors for re-election in accordance with the Articles of Association of the Company at each AGM;
- determining annually, the independence of Directors;
- deciding the assessment process and implementing a set of objective performance criteria for evaluation of the Board's performance; 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:

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

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

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

(d) make recommendations to the Board for approval.

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

The NC has recommended to the Board that Mr Chan Heng Fai, Mr Teh Wing Kwan and Mr Tao Yeoh Chi be nominated for re-election at the forthcoming AGM, in accordance with Article 93 of the Company's Articles of Association:

(a) Mr Chan Heng Fai will, upon re-election as a Director of the Company, remain as an Executive Director and CEO of the Group and a member of the NC;

(b) Mr Teh Wing Kwan will, upon re-election as a Director of the Company, remain as a Non-Executive Director and a member of the ARMC of the Company; and

(c) Mr Tao Yeoh Chi will, upon re-election as a Director of the Company, remain as Chairman of the RC and a member of the ARMC and NC. Mr Tao Yeoh Chi is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

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

The NC does not prescribe a fixed number of listed company representations 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 is able to and has been adequately carrying out his or her duties as a Director of the Company.

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

Key information regarding the Directors is disclosed under the section on "Board of Directors" on page 12 of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

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

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

The areas of assessment focused on:

(a) board's conduct of meetings;

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

(c) risk management and internal controls;

(d) whistle-blowing matters;

(e) measuring and monitoring performance;

(f) recruitment and evaluation;

(g) compensation for board and key executives;

(h) succession planning;

(i) financial reporting; and

(j) communication with shareholders.

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

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

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

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

PRINCIPLE 6: ACCESS TO INFORMATION

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

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

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

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

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

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

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

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

In determining remuneration packages, the Company considers the remuneration and employment conditions within the industry. The expenses of any external expert advice on remuneration matters sought by the RC, where such advice is deemed necessary, shall be borne by the Company. No remuneration consultants were engaged by the Company during FY2014.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

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

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

The remuneration of the Executive Director and key management personnel for FY2014 comprised of a fixed component in the form of a base salary. There is currently no variable component as part of the remuneration of the Executive Director and key management personnel. The RC is currently reviewing Company's remuneration policy to include a variable component in the form of a variable bonus or award of performance shares under the Plan (as defined herein) which will be linked to the individual performance of the Executive Director and key management personnel and will be assessed based on their respective key performance indicators or conditions. The RC shall review and set appropriate performance conditions for each individual. The RC will also consider using contractual provisions to allow the Company to reclaim bonuses or other incentive components (such as performance shares) of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The Executive Director does not receive Director's fees.The letter of appointment of the Executive Director does 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.

Independent Directors and Non-Executive Director are paid Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and the responsibilities of the Directors. The RC has recommended a framework for directors' fees for FY2014 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 for FY2014 amounted to S$243,400 and are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the forthcoming AGM of the Company.

Further, the RC has also recommended that directors' fees of up to S$230,000 based on the same framework, shall be paid quarterly in arrears for the financial year ending 31 December 2015.

Corporate Governance Report

The general framework of Directors' Fees is as follows[2]:

Board	Directors' Fees Basic	Additional
Director	$30,000	
Chairman		$20,000
Audit & Risk Management Committee		
Chairman		$15,000
Member		$7,500
Investment Committee		
Chairman		$10,000
Member		$5,000
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 "**Scheme**" or "**Singapore eDevelopment Limited Share Option Scheme**") as a long term incentive scheme. The objective of the Scheme is to link rewards to corporate and individual performance as the Company realises that such performance-related remuneration should be aligned with the interests of the shareholders and promote the long-term success of the Group. The share options are granted to such participants who, in the opinion of the RC (administering the Scheme as the scheme committee), have contributed or have the potential to contribute to the growth and development of the Group.Details of the Scheme were set out in the Company's circular dated 28 October 2013.

On 2 January 2015, the Company announced that it had, on 31 December 2014, granted and Mr Basil Chan had accepted a total of 796,000 share options under the Scheme, exercisable at S$0.11 each, at average of the closing market prices of the shares of the Company over a period of five (5) consecutive market days immediately prior to the date of grant, rounded up to the nearest cent.The share options granted to Mr Basil Chan, as an Independent and Non-Executive Director, are exercisable after one (1) year from the date of grant and before the fifth (5th) anniversary of the date of grant.

2 The general framework of Directors' fee shall be applicable to the Directors elected to the Board following the conclusion of the Company's AGM on 28 April 2014

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

Name of director	Options granted during financial year under review	Since commencement of the Scheme to end of financial year under review: Aggregate options granted	Aggregate options exercised	Aggregate options adjusted / forfeited	Aggregate options outstanding as at end of financial year under review
Basil Chan	796,000	796,000	–	–	796,000
Chan Heng Fai	–	3,424,400 [1]	–	(2,363,067) [2]	1,061,333
Teh Wing Kwan	–	2,568,300 [1]	–	(1,772,300) [2]	796,000
Chan Yu Meng	–	1,712,200 [1]	–	(1,181,533) [2]	530,667
Tao Yeoh Chi	–	1,712,200 [1]	–	(1,181,533) [2]	530,667
Liew Sen Keong	–	1,712,200 [1]	–	(1,712,200) [3]	–
Chan Pui Yee	–	1,712,200 [1]	–	(1,712,200) [3]	–
Chan Tien Chih	–	1,712,200 [1]	–	(1,712,200) [3]	–
Aloysius Wee Meng Seng	–	1,712,200 [1]	–	(1,712,200) [3]	–
Tan Eng Khiam	–	1,712,200 [1]	–	(1,712,200) [3]	–
Wong Yee Leong	–	1,712,200 [1]	–	(1,712,200) [3]	–
Total	796,000	20,486,300	–	(16,771,633)	3,714,667

Notes:

1. These options, totalling 19,690,300, were granted with exercise price set at a 50% discount to the average of the closing market prices of the shares of the Company over a period of five (5) consecutive market days immediately prior to the date of grant, rounded up to the nearest cent.
2. These were adjustments arising from (a) the issuance new shares pursuant to exercises of bonus warrants & piggyback warrants and rights & bonus share issues during FY2014; and (b) share consolidation during FY2014.
3. These options were forfeited upon resignations or retirement from their services.
4. Liew Sen Keong, Chan Pui Yee and Chan Heng Fai were substantial shareholders on grant date of their respective options. As at the date of this report, Liew Sen Keong and Chan Pui Yee have ceased to be controlling shareholders of the Company.
5. Chan Tien Chih was an associate of Chan Pui Yee, who was a controlling shareholder of the Company.

Singapore eDevelopment Performance Share Plan

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

In FY2014, there were no awards of performance shares granted under the Plan.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

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

The remuneration of Directors are shown in band of S$250,000. Although the disclosure is not in compliance with the recommendation of the Code, the Board is of the view that given confidentiality and commercial sensitivity attached to remuneration matters, the full disclosure on remuneration in respect of the Directors will not be provided. A breakdown showing the level and mix of the remuneration of the Directors and Key Management Personnel during FY2014 is as follows:

		Salary %	Variable Bonus %	Directors' fee %	Total %
(a)	**Directors**				
	S$250,000 to S$499,999				
	Chan Heng Fai (appointed as an Executive Director on 1 March 2014)	96	–	4	100
	Below S$250,000				
	Basil Chan (appointed as a director on 1 March 2014)	–	–	100	100
	Teh Wing Kwan	–	–	100	100
	Chan Yu Meng	–	–	100	100
	Tao Yeoh Chi	–	–	100	100
	Liew Sen Keong (retired as the CEO on14 April 2014 and as a director on 28 April 2014)	100	–	–	100
	Chan Pui Yee (resigned as a director on 1 February 2014)	100	–	–	100
	Chan Tien Chih (resigned as a director on 1 February 2014)	100	–	–	100
	Aloysius Wee Meng Seng (resigned as a director on 1 February 2014)	–	–	100	100
	Dr. Tan Eng Khiam (retired as a director on 28 April 2014)	–	–	100	100
	Wong Yee Leong (resigned as a director on 25 March 2014)	–	–	100	100
(b)	**Key Management Personnel**				
	Below S$250,000				
	Chew Sien Lup (appointed 1 March 2014)	100	–	–	100
	Ang Kay Him (appointed as 1 November 2014)	100	–	–	100
	Cui Peng (appointed 1 November 2014)	100	–	–	100
	Jacky Zhuang (appointed 1 October 2014)	100	–	–	100

The aggregate amount of the total remuneration paid to the key management personnel as set out above (who are not a Director or CEO) was S$307,000 in FY2014.

There are no employees who are immediate family members of any Director or the CEO whose remuneration exceeded S$50,000 in FY2014.

There were no termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top key executives in FY2014, other than in compliance with the standard contractual notice period termination payment.

PRINCIPLE 10: ACCOUNTABILITY

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

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

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

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

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

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board is committed to maintaining a robust and effective system of internal controls to safeguard shareholders' investments and the Group's assets. The Board 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 integrity of those systems on an annual basis.

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

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

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

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

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

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

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

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

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

The Board with the assistance of the ARMC has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the financial year ended 31 December 2014.

The Board's annual assessment in particular considered:

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

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

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

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

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

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

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on internal controls established and maintained by the Group, the work done by the Group's external and internal auditors and reviews performed by Management, ARMC and the Board, the Board, with concurrence of the ARMC, is satisfied that the Group's internal controls including financial, operational, compliance and information technology controls as well as the risk management systems, were adequate and effective as at 31 December 2014.

PRINCIPLE 12: Audit and Risk Management Committee

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

As at 31 December 2014, the ARMC comprises three (3) Independent Non-Executive Directors, namely Mr Basil Chan (Chairman of the ARMC), Mr Chan Yu Meng, Mr Tao Yeoh Chi. Dr. Tan Eng Khiam has retired as a Director of the Company and a member of the ARMC on 28 April 2014.On 14 January 2015, the Board appointed Mr Teh Wing Kwan, a Non-Executive Director, as additional member of ARMC.

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

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

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

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

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

The ARMC has met with the external auditor without the presence of Management in February 2015.

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

The ARMC assesses the independence of the external auditor annually. The aggregate amount of fees paid to the external auditors of the Group for FY2014 is disclosed under Note 7 of the Notes to the Financial Statements. The ARMC has reviewed the non-audit services rendered by the external auditor for FY2014 as well as the fees paid, and is satisfied that the independence of the external auditor has not been impaired. The ARMC has further recommended that Ernst & Young LLP be nominated for re-appointment as the Company's auditor at the forthcoming AGM.

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

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

The majority of the Directors sitting on the ARMC have the necessary accounting, risk management and financial 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 auditor provides, and had provided in FY2014, 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.

Whistle-blowing policy

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

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

PRINCIPLE 13: INTERNAL AUDIT

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

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

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

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

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

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.

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

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

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

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

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

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

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

DIVIDENDS

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

The Group did not declare a dividend in FY2014 in light of the Group's net losses.

DEALINGS IN SECURITIES

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

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

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

MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements, and the service agreements between the Executive Directors and the Company, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman and CEO or any Directors or controlling shareholders which are either still subsisting as at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

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

There were no interested person transactions entered into during FY2014, pursuant to Rule 907 of the Listing Manual, Section B: Rules of Catalist of the SGX-ST, save as approved by Shareholders at the extraordinary general meeting of the Company held on 20 November 2013 (detailed below).

Name of Interested Person	**Aggregate value of all interested person transactions during the financial period under review** (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules** (excluding transactions less than S$100,000)
Exchangeable Notes		
■ Liew Sen Keong[(1)]	S$500,000	–
■ Chan Heng Fai[(2)]	S$2,500,000	–
■ Teh Wing Kwan[(3)]	S$500,000	–
Interest accrued on Exchangeable Notes		
■ Chan Heng Fai[(2) (4)]	S$539,700	–
■ Teh Wing Kwan[(3)]	S$77,100	–
Transactions for purchase of services		
■ Inter-American Development LLC[(5)]	–	S$831,674

Notes:

(1) Mr Liew Sen Keong resigned as the Chief executive Officer of the Company on 14 April 2014 and ceased to be a director of the Company on 28 April 2014.

(2) Mr Chan Heng Fai is an Executive Director and was appointed as Chief Executive Officer of the Company as of 28 April 2014

(3) Mr Teh Wing Kwan is a Non-Executive Director of the Company.

(4) Mr Chan Heng Fai, acquired additional notes from other noteholders subsequent to the issuance of Exchangeable Notes.

(5) Inter-American Development LLC is an associate of Mr Chan Heng Fai.

Corporate Governance Report

In addition to the above, Mr Liew Sen Keong had provided an unsecured interest-free loan of S$3.0 million on 23 January 2014. Mr Chan Heng Fai had also provided a personal guarantee for the short term loan of A$0.63 million from an Australian financial institution for the Mandurah development in Perth.

UPDATE ON USE OF PROCEEDS

The usage of net proceeds (the "**Net Proceeds**") from the rights issue of shares in FY2014 (the "**Rights Issue**") as at 27 February 2015 after the reallocations ("**Reallocations**") announced on 30 December 2014 is set out below:

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

In respect of the usage of the net proceeds for working capital, the following were the principal disbursements as at 27 February 2015:

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

NON-SPONSOR FEES

The Continuing Sponsor of the Company was changed from Prime Partners Corporate Finance Pte. Ltd. ("**PPCF**") to Hong Leong Finance Limited ("**HLF**") with effect from 12 August 2014 (the "**Change**").

The non-sponsor fees paid to PPCF in FY2014 prior to the Change was approximately S$332,000.

The non-sponsor fees paid to HLF in FY2014 after the Change was approximately S$20,000.

Directors' report

The directors hereby present their report 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 2014.

Directors

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

Basil Chan
Chan Heng Fai
Chan Yu Meng
Teh Wing Kwan
Tao Yeoh Chi

Arrangements to enable directors to acquire shares and debentures

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' 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, Cap. 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Chan Heng Fai	110,000	46,750,000	35,000,000	38,250,000
Teh Wing Kwan	100,000	91,000	–	–
Bonus Warrants of the Company				
Chan Heng Fai	–	8,780,434	–	17,124,347
Teh Wing Kwan	–	5,434	–	–
Piggyback Warrants of the Company				
Chan Heng Fai	–	–	–	2,217,391

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

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Exchangeable Notes issued by a subsidiary*				
Chan Heng Fai	–	–	–	14
Teh Wing Kwan	–	2	–	–

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

Share options of the Company				
Chan Heng Fai	3,424,400	1,061,333	–	–
Basil Chan	–	796,000	–	–
Chan Yu Meng	1,712,200	530,667	–	–
Teh Wing Kwan	2,568,300	796,000	–	–
Tao Yeoh Chi	1,712,200	530,667	–	–

Other than set out below, there is no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

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

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

Except as disclosed in this report, 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' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

Options

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

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

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

On 31 December 2014, the Company has granted 796,000 share options under the Scheme. These options expire on 31 December 2019 and are exercisable if and when the directors remain in service for one year from the date of grant.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 December 2014 are as follows:

Grant date	Exercise price (S$)	Options outstanding as at 1 January 2014	Options granted	Options adjusted / forfeited	Options outstanding as at 31 December 2014	Expiry date
31 December 2013	0.12	11,129,300	–	(9,271,966)	1,857,334	31 December 2018
31 December 2013	0.12	8,561,000	–	(7,499,667)	1,061,333	31 December 2023
31 December 2014	0.11	–	796,000	–	796,000	31 December 2019
Total		19,690,300	796,000	(16,771,633)	3,714,667	

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

Name of director	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options adjusted / forfeited	Aggregate options outstanding as at end of financial year
Liew Sen Keong	–	1,712,200	(1,712,200)	–
Chan Pui Yee	–	1,712,200	(1,712,200)	–
Chan Tien Chih	–	1,712,200	(1,712,200)	–
Chan Heng Fai	–	3,424,400	(2,363,067)	1,061,333
Basil Chan	796,000	796,000	–	796,000
Chan Yu Meng	–	1,712,200	(1,181,533)	530,667
Aloysius Wee Meng Seng	–	1,712,200	(1,712,200)	–
Dr. Tan Eng Khiam	–	1,712,200	(1,712,200)	–
Teh Wing Kwan	–	2,568,300	(1,772,300)	796,000
Tao Yeoh Chi	–	1,712,200	(1,181,533)	530,667
Wong Yee Leong	–	1,712,200	(1,712,200)	–
Total	796,000	20,486,300	(16,771,633)	3,714,667

Options (cont'd)

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

- No participant has received 5% or more of the total options available under the Scheme
- No options that entitled the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been exercised
- 19,690,300 share options were granted at a discount up to 50% of market price.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Basil Chan
Director

Chan Heng Fai
Director

2 April 2015

Statement by Directors

During the financial year, CCM Industrial Pte Ltd ("CIPL") was disposed on 21 May 2014. CIPL has been in creditors' liquidation since 4 August 2014 and has since ceased all operations.

The consolidated cash flow statement and certain notes to the financial statements, including the notes on property, plant and equipment, related party transactions, income tax, discontinued operation, investment in subsidiaries and segment reporting (collectively, the "CIPL Related Notes") of the Group for the financial year ended 31 December 2014 includes the cash flows and other amounts of CIPL from 1 January 2014 to 21 May 2014.

In relation to CIPL, only financial records previously provided by CIPL and retained by the Group were available for the preparation of its consolidated financial statements for year ended 31 December 2014.

The Board has used its best efforts to ensure the preparation of the consolidated cash flow statement and CIPL Related Notes are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the cash flows of the Group for the financial year ended on that date. Due to the limitation of information available to the Group, the Board was unable to determine with certainty that the cash flows of CIPL and other CIPL amounts used in the preparation of the consolidated cash flow statement and CIPL Related Notes were complete and appropriate.

The independent auditor has highlighted the above inadequacies in their Auditor's Report dated 2 April 2015 and the Board concurs with their findings.

In the opinion of the directors, except for the matters mentioned above,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Basil Chan
Director

Chan Heng Fai
Director

2 April 2015

Independent Auditor’s Report

To the members of Singapore eDevelopment Limited

Report on the financial statements

We have audited the accompanying financial statements of Singapore eDevelopment Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 43 to 113, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statement of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial results of the Group, and financial position and changes in equity of the Group and the Company. However, because of the matter described in the “Basis for Disclaimer of Opinion on Cash Flows of the Group and CIPL Related Notes” below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the cash flows and certain notes to the financial statements, including the notes on property, plant and equipment, related party transactions, income tax, discontinued operation, investment in subsidiaries and segment reporting (collectively, the “CIPL Related Notes”).

Independent Auditor's Report

To the members of Singapore eDevelopment Limited

Basis for Disclaimer of Opinion on Cash Flows of the Group and CIPL Related Notes

The consolidated cash flow statement of the Group for the financial year ended 31 December 2014 includes the cash flows of CCM Industrial Pte. Ltd. ("CIPL" or the "disposed subsidiary") from 1 January 2014 to 21 May 2014, being the date of disposal of CIPL. The disposed subsidiary is currently in creditors' liquidation. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the cash flows of CIPL from 1 January 2014 to 21 May 2014 are appropriate and proper for inclusion in the consolidated cash flow statement of the Group for the financial year ended 31 December 2014. The CIPL Related Notes include amounts of CIPL from 1 January 2014 to 21 May 2014. We were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to whether the amounts in relation to the disposed subsidiary are appropriate and proper for the preparation of the CIPL Related Notes.

Disclaimer of Opinion on Cash Flows of the Group and CIPL Related Notes

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on Cash Flows of the Group and CIPL Related Notes" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated cash flow statement for the financial year ended 31 December 2014 and the CIPL Related Notes. Accordingly, we do not express an opinion on the Cash Flows of the Group and CIPL Related Notes.

Opinion on the Financial Results, Financial Position and Equity

In our opinion, the balance sheets and the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results of the Group and the changes in equity of the Group and the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
2 April 2015

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014
(Amounts in Singapore dollars)

	Note	2014 $'000	2013 (Restated) $'000
Continuing operations			
Revenue		–	–
Cost of sales		(41)	–
Gross loss		(41)	–
Other items of income			
Other income	4	466	3
Finance income	5	–	1
Other items of expense			
Marketing expenses		(178)	–
Research and development		(231)	–
Administrative expenses		(4,231)	(986)
Finance costs	5	(11)	(16)
Other expenses	6	(3,429)	–
Loss before tax from continuing operations	7	(7,655)	(998)
Income tax expense	9	–	–
Loss from continuing operations, net of tax		(7,655)	(998)
Discontinued operation			
Loss from discontinued operation, net of tax	10	(13,088)	(21,422)
Loss for the year		(20,743)	(22,420)
Other comprehensive income:			
Item that may be reclassified subsequently to profit and loss			
Foreign currency translation, representing total other comprehensive income for the year, net of tax		(7)	–
Total comprehensive income for the year		(20,750)	(22,420)

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014
(Amounts in Singapore dollars)

	Note	2014	2013
			(Restated)
		$'000	$'000
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(7,642)	(998)
Loss from discontinued operation, net of tax		(13,088)	(21,422)
Loss for the year attributable to owners of the Company		(20,730)	(22,420)
Non-controlling interests			
Loss from continuing operations, net of tax		(13)	–
Loss from discontinued operation, net of tax		–	–
Loss for the year attributable to non-controlling interests		(13)	–
Total comprehensive income attributable to:			
Owners of the Company		(20,737)	(22,420)
Non-controlling interests		(13)	–
Total comprehensive income for the year		(20,750)	(22,420)
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		(7,649)	(998)
Total comprehensive income from discontinued operation, net of tax		(13,088)	(21,422)
Total comprehensive income for the year attributable to owners of the Company		(20,737)	(22,420)
Loss per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	29	(8.3)	(54.5)
Loss per share ($ per share)			
Basic and diluted	29	(0.23)	(12.24)

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

Balance Sheets

As at 31 December 2014
(Amounts in Singapore dollars)

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	128	2,557	9	–
Intangible asset	12	98	–	–	–
Investment in subsidiaries	13	–	–	926	4,159
Trade receivables	15	–	2,421	–	–
		226	4,978	935	4,159
Current assets					
Gross amount due from customers for contract work-in-progress	14	–	3,331	–	–
Trade and other receivables	15	298	15,031	22,365	7
Prepaid operating expenses		181	587	69	150
Properties under development	16	17,278	–	–	–
Bank deposits pledged	17	344	1,313	–	303
Cash and bank balances	17	21,184	871	15,488	106
		39,285	21,133	37,922	566
Total assets		39,511	26,111	38,857	4,725
EQUITY AND LIABILITIES					
Current liabilities					
Provision for claims	18	3,461	3,000	3,461	–
Trade and other payables	19	1,940	25,065	1,281	8,484
Accrued operating expenses	19	1,577	1,297	556	211
Derivatives	20	5,869	–	5,869	–
Loans and borrowings	21	1,609	5,973	1,500	116
		14,456	35,335	12,667	8,811
Net current assets/(liabilities)		24,829	(14,202)	25,255	(8,245)
Non-current liabilities					
Trade payables	19	–	2,254	–	–
Loans and borrowings	21	3,269	341	–	–
		3,269	2,595	–	–
Total liabilities		17,725	37,930	12,667	8,811
Net assets/(liabilities)		21,786	(11,819)	26,190	(4,086)
Equity attributable to owners of the Company					
Share capital	22	67,359	15,809	67,359	15,809
Merger reserve	22	–	(2,569)	–	–
Employee share option reserve	22	237	–	237	–
Foreign currency translation reserve	22	(7)	–	–	–
Retained earnings		(45,789)	(25,059)	(41,406)	(19,895)
		21,800	(11,819)	26,190	(4,086)
Non-controlling interests		(14)	–	–	–
Total equity/(capital deficit)		21,786	(11,819)	26,190	(4,086)
Total equity and liabilities		39,511	26,111	38,857	4,725

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 2014
(Amounts in Singapore dollars)

		Attributable to owners of the Company							
Group	**Note**	**Share capital** $'000	**Retained earnings** $'000	**Merger reserve** $'000	**Foreign currency translation reserve** $'000	**Employee share option reserve** $'000	**Equity attributable to owners of the Company, total** $'000	**Non-controlling interests** $'000	**(Capital deficit)/ total equity** $'000
2014									
At 1 January 2014		15,809	(25,059)	(2,569)	–	–	(11,819)	–	(11,819)
Loss for the year		–	(20,730)	–	–	–	(20,730)	(13)	(20,743)
Other comprehensive income									
Foreign currency translation, representing other comprehensive income for the year, net of tax		–	–	–	(7)	–	(7)	–	(7)
Total comprehensive income for the year		–	(20,730)	–	(7)	–	(20,737)	(13)	(20,750)
Contributions by owners									
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants	22	11,045	–	–	–	–	11,045	–	11,045
Issuance of new ordinary shares pursuant to rights issue and bonus shares issue	22	40,947	–	–	–	–	40,947	–	40,947
Share issuance expenses	22	(442)	–	–	–	–	(442)	–	(442)
Grant of equity-settled share options to employees	8	–	–	–	–	237	237	–	237
Total contributions by and distributions to owners		51,550	–	–	–	237	51,787	–	51,787

Statements of Changes in Equity

For the financial year ended 31 December 2014
(Amounts in Singapore dollars)

Group	Note	Share capital $'000	Retained earnings $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Employee share option reserve $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	(Capital deficit)/ total equity $'000
		Attributable to owners of the Company							
2014									
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary	13	–	–	–	–	–	–	(1)	(1)
Disposal of a subsidiary		–	–	2,569	–	–	2,569	–	2,569
Total changes in ownership interests in subsidiaries		–	–	2,569	–	–	2,569	(1)	2,568
Total transactions with owners in their capacity as owners		51,550	–	2,569	–	237	54,356	(1)	54,355
At 31 December 2014		67,359	(45,789)	–	(7)	237	21,800	(14)	21,786

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

Statements of Changes in Equity

For the financial year ended 31 December 2014
(Amounts in Singapore dollars)

Group	Note	Attributable to owners of the Company							
		Share capital	**Retained earnings**	**Merger reserve**	**Foreign currency translation reserve**	**Employee share option reserve**	**Equity attributable to owners of the Company, total**	**Non-controlling interests**	**(Capital deficit)/ total equity**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013									
At 1 January 2013		9,565	(2,639)	(2,569)	–	–	4,357	–	4,357
Loss net of tax, representing total comprehensive income for the year		–	(22,420)	–	–	–	(22,420)	–	(22,420)
<u>Contributions by and distributions to owners</u>									
Issuance of new ordinary shares	22	7,058	–	–	–	–	7,058	–	7,058
Share issuance expenses	22	(814)	–	–	–	–	(814)	–	(814)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		6,244	–	–	–	–	6,244	–	6,244
At 31 December 2013		15,809	(25,059)	(2,569)	–	–	(11,819)	–	(11,819)

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 2014
(Amounts in Singapore dollars)

Company	Share capital $'000	Employee share option reserve $'000	Retained earnings $'000	Total Equity $'000
2014				
At 1 January 2014	15,809	–	(19,895)	(4,086)
Loss net of tax, representing total comprehensive income for the year	–	–	(21,511)	(21,511)
Contributions by and distributions to owners				
Issuance of new ordinary shares pursuant to exercise of Bonus and Piggyback Warrants	11,045	–	–	11,045
Issuance of new ordinary shares pursuant to rights issue and bonus shares issue	40,947	–	–	40,947
Share issuance expenses	(442)	–	–	(442)
Grant of equity-settled share options to employees	–	237	–	237
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	51,550	237	–	51,787
At 31 December 2014	67,359	237	(41,406)	26,190
2013				
At 1 January 2013	9,565	–	(1,314)	8,251
Loss net of tax, representing total comprehensive income for the year	–	–	(18,581)	(18,581)
Contributions by and distributions to owners				
Issuance of new ordinary shares	7,058	–	–	7,058
Share issuance expenses	(814)	–	–	(814)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	6,244	–	–	6,244
At 31 December 2013	15,809	–	(19,895)	(4,086)

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 2014
(Amounts in Singapore dollars)

	Note	2014	2013
			(Restated)
		$'000	$'000
Operating activities			
Loss before tax from continuing operations		(7,655)	(998)
Loss before tax from discontinued operation	10	(13,088)	(21,422)
Loss before tax, total		(20,743)	(22,420)
Adjustments for:			
Depreciation of property, plant and equipment	11	311	1,297
(Gain)/loss on disposal of property, plant and equipment		(12)	604
Gain on disposal of a subsidiary	13	(19,170)	–
Net fair value loss on derivative liability	20	2,961	–
Grant of equity-settled share options to employees	8	237	–
Provision for doubtful debt		15,517	–
Listing expenses	13	468	–
Receivables written off		–	557
Provision for foreseeable losses on contract work-in-progress and legal claim		–	8,709
Provision for claims	18	3,461	3,000
Notional interest expenses	15	–	251
Notional interest income	19	–	(180)
Withholding tax expense	7	356	–
Unrealised exchange gain	4	(412)	–
Finance cost		59	359
Finance income		–	(1)
Total adjustments		3,776	14,596
Operating cash flows before changes in working capital		(16,967)	(7,824)
Changes in working capital:			
Increase in trade and other receivables		(6,125)	(740)
Increase in prepaid operating expenses		(340)	(11)
(Increase)/decrease in gross amount due from customers for contract work-in-progress		(7,350)	167
Increase in properties under development		(16,240)	–
Increase in trade and other payables		7,947	5,742
Increase in accrued operating expenses		2,062	316
Total changes in working capital		(20,046)	5,474
Cash flows used in operations		(37,013)	(2,350)
Interest received		–	1
Interest paid		(59)	(359)
Net cash flows used in operating activities		(37,072)	(2,708)

Consolidated Cash Flow Statement

For the financial year ended 31 December 2014
(Amounts in Singapore dollars)

	Note	2014 $'000	2013 (Restated) $'000
Investing activities			
Purchase of property, plant and equipment	11	(135)	(357)
Proceeds from disposal of property, plant and equipment		27	1,155
Net cash outflow on acquisition of subsidiaries	13	(416)	–
Net cash outflow on disposal of a subsidiary	13	(227)	–
Net cash flows (used in)/generated from investing activities		(751)	798
Financing activities			
Proceeds from loans and borrowings		11,533	14,545
Proceeds from issuance of ordinary shares	22	51,992	7,058
Proceeds from issuance of exchangeable notes		4,000	–
Advances from director		–	1,000
Proceeds from loan from a previous director/shareholder		3,000	–
(Decrease)/increase in bank deposits pledged		(41)	1,007
Repayments of loans and borrowings		(8,649)	(17,623)
Share issue expense	22	(442)	(814)
Repayments of obligations under finance leases		(116)	(1,639)
Net cash flows from financing activities		61,277	3,534
Net increase in cash and cash equivalents		23,454	1,624
Effect of exchange rate changes on cash and cash equivalents		27	–
Cash and cash equivalents at 1 January		(2,297)	(3,921)
Cash and cash equivalents at 31 December	17	21,184	(2,297)

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 2014

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 9 Temasek Boulevard, #09-02A Suntec Tower Two, Singapore 038989.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

With effect from 5 August 2014, the Company changed its name from CCM Group Limited to Singapore eDevelopment Limited.

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.

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 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Improvements to FRS (January 2014)	
(a) FRS 102 *Share-based Payment*	1 July 2014
(b) FRS 103 *Business Combinations*	1 July 2014
(c) FRS 108 *Operating Segments*	1 July 2014
(d) FRS 24 *Related Party Disclosures*	1 July 2014
(e) FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
Improvements to FRS (February 2014)	
(a) FRS 103 *Business Combinations*	1 July 2014
(b) FRS 113 *Fair Value Measurements*	1 July 2014
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Improvements to FRSs (November 2014)	
(a) FRS 19 *Employee Benefits* – regional market issue regarding discount rate	1 January 2016
(b) FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* – changes in methods of disposal	1 January 2016
(c) FRS 107 *Financial Instruments: Disclosures*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS *28 Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 109 and FRS 115, 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.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. FRS 109 enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The directors are currently assessing the impact of this new standard to Group's financial instruments.

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*

FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities.

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

The directors are currently assessing the impact of FRS 115.

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 controls 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.

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

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

(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 another 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.

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. Summary of significant accounting policies (cont'd)

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

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 and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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.

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

2.8 *Intangible assets (cont'd)*

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 use fullife assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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 recover ability. Any resulting impairment losses are recognised immediately in the profit and loss.

2.9 *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.

2.10 *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.

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

2.10 ***Impairment of non-financial assets (cont'd)***

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.

2.11 ***Subsidiaries***

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

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

2.12 ***Financial Instruments***

(a) ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

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.

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.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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

2.12 *Financial Instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

(ii) *Other financial liabilities*

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

De-recognition

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

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

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

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

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

2.13 ***Impairment of financial assets***

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

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

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

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

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

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

2.14 ***Cash and cash equivalents***

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

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

2.15 *Construction contracts*

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

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

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

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

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

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

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

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

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

2.15 *Construction contracts (cont'd)*

Assets covered by a single contract are treated separately when:

– Separate proposals have been submitted for each asset;

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

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

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

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

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

2.16 *Properties under development*

Development properties are properties acquired or 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.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties 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 development properties 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.

Revenue is recognised upon the transfer of significant risk and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

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

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 in accordance with the accounting policy set out in Note 2.12(b).

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.

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.

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

2.20 ***Employee benefits (cont'd)***

(b) *Employee share option plans*

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

2.21 ***Leases***

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

2.22 ***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. Summary of significant accounting policies (cont'd)

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) *Construction contract income*

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

(b) *Rental income*

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

(c) *Rendering of services*

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

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.

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

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.

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

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

(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.

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 judgments and estimates

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

3.1 *Judgments made in applying accounting policies*

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

(a) Impairment in investment in subsidiaries

Investment in subsidiaries is tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the investment in subsidiaries at the end of the reporting period. If the recoverable amount of the investment in subsidiaries is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investment in subsidiaries to its recoverable amount. For the financial year ended 31 December 2014, an impairment loss of $3,661,000 (2013: $17,582,000) was recognised in profit or loss to write down two (2013: three) subsidiaries to their recoverable amounts.

(b) Bonus and Piggyback Warrants adjustments

The Company has issued 1,711,300,000 bonus warrants to its existing shareholders at an exercise price of $0.01. Each bonus warrant entitles the warrant holder one piggyback warrant at an exercise price of $0.011 upon the exercise of the bonus warrant. Each bonus and piggyback warrant entitles the warrant holder the right to subscribe for one new share in the Company.

The Bonus and Piggyback Warrants contain adjustment provisions, which upon the occurrence of future events adjust the number of equity shares to be received or the exercise price of Bonus and Piggyback Warrants.

As the adjustment provisions require adjustments to be made in a manner that the per share value of such adjustment will not exceed the per share value of the dilution to the warrant holder's interest in the equity of the Company, the directors are of the view that these adjustments do not cause the Bonus and Piggyback Warrants to deliver a variable amount of shares. Accordingly, these instruments are classified as equity instruments instead of derivative.

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

3.2 ***Key sources of estimation uncertainty***

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

(a) *Impairment of loans and receivables*

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

When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 15.

(b) *Construction contracts*

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method depending on whether the outcome of the contract can be measured reliably. The stage of completion is measured by reference to professional surveys of work performed. Estimation is required in determining the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgment, the Group relies on past experience and/or the work of relevant professionals.

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation on construction and material costs as well as its past experience.

In determining the provision for liquidated damages, assumptions and estimations are made in relation to the estimated time for completion of the construction contracts based on the contractual liquidated damages rate and the estimated delay in completing the project, taking into consideration any extension of time given.

The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in Note 14.

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

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

(c) *Provision for claims*

The Group has recognised a provision of $3,461,000 (2013:$3,000,000) relating to claims.

Prior to the disposal of CCM Industrial Pte. Ltd. ("CIPL"), the Company has provided corporate indemnities for benefits of CIPL in conjunction with construction projects undertaken by CIPL. The outstanding corporate indemnities as at the end of the reporting period amounted to $6,922,000.

In a situation where there is a continuous range of possible outcomes and each point in that range is as likely as any other, FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the mid-point of the range be used. The mid-point in this case represents the median as well as the expected value. As it is 50% probable that the corporate indemnities will be called, management has provided for 50% of the total outstanding corporate indemnities and accordingly, the Group has recognised a provision for claims of $3,461,000 (2013: $3,000,000) as at 31 December 2014. The amount in excess of the recognised provision which represents the remaining 50% of the outstanding corporate indemnities constitutes a possible but not a probable liability and accordingly, is disclosed as a contingent liability in Note 30.

(d) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

The Group has unrecognised tax losses carried forward amounting to $1,390,000 (2013: $11,577,000). These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group.

If the Group was able to recognise all unrecognised deferred tax assets, loss for the year would decrease by $329,000 (2013:$1,968,000).

(e) *Share-based payment*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date on which they are granted. Judgment is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgment in determining the most appropriate inputs to the valuation model including expected forfeiture rate, expected life of the option, volatility and dividend yield. The carrying amount, assumptions and model used are disclosed in Note 8.

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

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

(f) *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.

As at the date of issuance of the exchangeable notes, the fair value of the derivative liability component is measured by using a binomial model and market observable inputs (Note 26). Management is required to use judgment to determine the most appropriate valuation model and assumptions. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The market observable data include considerations historical volatility of share price, risk free rate and dividend yield.

Changes in assumptions about these factors could affect the subsequent measurement of the fair value of the derivative liability. The valuation of the derivative liability is described in Note 20 and Note 26.

4. Other income

	Group	
	2014	**2013**
		(Restated)
	$'000	$'000
Unrealised foreign exchange gain, net	412	–
Others	54	3
	466	3

5. Finance income and costs

	Group	
	2014	**2013**
		(Restated)
	$'000	$'000
Finance income:		
Interest income from bank balances	–	1
Finance costs:		
Interest expense on bank borrowings	11	16

6. Other expenses

	Note	Group 2014 $'000	Group 2013 (Restated) $'000
Net fair value loss on derivative liability	20	2,961	–
Listing expenses	13	468	–
		3,429	–

7. Loss before tax from continuing operations

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

	Note	Group 2014 $'000	Group 2013 (Restated) $'000
Audit fees			
– Auditors of the Company		183	24
– Other auditors		58	–
Non-audit fee paid to auditors of the Company		35	–
Depreciation of property, plant and equipment		10	–
Employee benefits *	8	2,294	681
Legal and other professional fees		1,441	–
Withholding tax expense		356	–
Operating lease expenses		170	–

* Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 23 to the financial statements.

8. Employee benefits

	Group	
	2014	**2013**
		(Restated)
	$'000	$'000
Salaries, wages and bonuses	1,957	636
Central Provident Fund contributions	100	45
Share-based payment (Employee share option plan)	237	–
	2,294	681

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

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

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

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

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

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

8. Employee benefits (cont'd)

Share option plans (cont'd)

Movement of share options during the financial year

– The weighted average fair value of options granted during the financial year was $0.084 (2013: $0.050).

– The range of exercise price for options outstanding at the end of the year was $0.11 to $0.12 (2013: $0.035). The weighted average remaining contractual life for these options is 4.21 years (2013: 6.30 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.

The following table lists the inputs to the option pricing model for the year ended 31 December 2014 and 2013:

	2014	**2013**
Dividend yield (%)	0	0
Expected volatility (%)	106.57	122.22
Risk-free interest rate (% p.a.)	1.60	1.31 –1.92
Expected life of option (years)	5	5 – 7
Weighted average share price ($)	0.109	0.057

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

9. Income tax

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Note	Group 2014 $'000	Group 2013 (Restated) $'000
Loss before tax from continuing operations		(7,655)	(998)
Loss before tax from discontinued operation		(13,088)	(21,422)
Loss before tax		(20,743)	(22,420)
Tax at the domestic tax rates applicable to profits in the countries where the Group operates		(3,620)	(3,811)
Adjustments:			
Non-deductible expenses		4,236	2,289
Income not subject to taxation		(945)	–
Deferred tax assets not recognised		329	1,522
Income tax expense recognised in profit or loss		–	–

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 2014 $'000	Group 2013 $'000
Provision for claims	588	510
Impairment losses on gross amount due from customers for contract work-in-progress	–	1,480
Depreciation expenses for non-qualifying assets	–	10
Bad debts expenses on a disposed subsidiary	2,384	–
Listing expenses	80	–
Net fair value loss on derivative liability	503	–
Non-statutory expenses	620	272
Private car expenses	–	13
Others	61	4
	4,236	2,289

9. Income tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $1,390,000 (2013: $11,577,000) 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.

10. Discontinued operation

On 17 April 2014, the Company announced the decision of its board of directors to dispose of CIPL, which was previously reported in the Main building works, General building works and Access equipment segments (Construction segments). The disposal of CIPL was completed on 21 May 2014 (Note 13).

Subsequent to the disposal of CIPL, the Group reviewed its remaining construction activities undertaken by its wholly-owned subsidiary, Singapore Construction Pte. Ltd. ("SCPL"). The construction business had been underperforming for the last two years and with the expansion of the Group's activities into property development and information technology business, the Group has decided to discontinue its construction business and report all activities of CIPL prior to its disposal, and SCPL as part of discontinued operation.

In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations,* the Group has re-presented the consolidated statement of comprehensive income and consolidated cash flow statement including certain notes for the year ended 31 December 2013 in relation to the discontinued operation separately from the continuing operations. These notes include other income, finance income and costs, other expenses, loss before tax from continuing operations, employee benefits, income tax, related party transactions, loss per share and segment reporting.

10. Discontinued operation (cont'd)

Income statement disclosures

The results of discontinued operation for the years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	$'000	$'000
Revenue	15,518	92,341
Expenses	(47,728)	(113,420)
Loss from operations	(32,210)	(21,079)
Finance costs	(48)	(343)
Gain on disposal of a subsidiary	19,170	–
Loss before tax from discontinued operation	(13,088)	(21,422)
Income tax expense	–	–
Loss from discontinued operation, net of tax	(13,088)	(21,422)

Cash flow statement disclosures

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

	Group	
	2014	**2013**
	$'000	$'000
Operating	5,969	(1,679)
Investing	(7)	799
Financing	(6,311)	2,471
Net cash (outflows)/inflows	(349)	1,591

Loss per share disclosure

	Group	
	2014	**2013**
	$	$
Loss per share from discontinued operation attributable to owners of the Company ($ per share)		
Basic and diluted	0.14	11.70

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. These loss and share data are presented in the tables in Note 29.

11. Property, plant and equipment

Group	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Yard equipment $'000	Access equipment systems $'000	Plant equipment $'000	Dormitory $'000	Total $'000
Cost								
At 1 January 2013	1,705	82	467	950	3,307	2,528	1,113	10,152
Additions	–	–	19	12	297	28	1	357
Disposals	(39)	–	(6)	–	(47)	(2,128)	–	(2,220)
At 31 December 2013 and 1 January 2014	1,666	82	480	962	3,557	428	1,114	8,289
Additions	–	61	74	–	–	–	–	135
Disposals	(51)	–	–	–	–	–	–	(51)
Disposal of a subsidiary	(1,615)	(82)	(481)	(962)	(3,557)	(428)	(1,114)	(8,239)
Exchange difference	–	2	2	–	–	–	–	4
At 31 December 2014	–	63	75	–	–	–	–	138
Accumulated depreciation								
At 1 January 2013	784	73	278	392	2,708	294	367	4,896
Depreciation charge for the year	164	4	106	173	402	263	185	1,297
Disposals	(25)	–	(6)	–	(41)	(389)	–	(461)
At 31 December 2013 and 1 January 2014	923	77	378	565	3,069	168	552	5,732
Depreciation charge for the year	53	4	31	83	62	28	50	311
Disposals	(36)	–	–	–	–	–	–	(36)
Disposal of a subsidiary	(940)	(78)	(402)	(648)	(3,131)	(196)	(602)	(5,997)
At 31 December 2014	–	3	7	–	–	–	–	10
Net carrying amount								
At 31 December 2013	743	5	102	397	488	260	562	2,557
At 31 December 2014	–	60	68	–	–	–	–	128

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

	Office equipment $'000
Company	
Cost	
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Additions	10
At 31 December 2014	10
Accumulated depreciation	
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Depreciation charge for the year	1
At 31 December 2014	1
Net carrying amount	
At 31 December 2013	–
At 31 December 2014	9

Assets held under finance lease

As at 31 December 2014 and 2013, the carrying amount of property, plant and equipment held under finance leases were as follows:

	Group	
	2014 $'000	**2013** $'000
Motor vehicles	–	730

Leased assets are pledged as security for the related finance lease liabilities.

12. Intangible asset

	Software cost $'000
Group	
Cost	
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Acquisition of a subsidiary	98
At 31 December 2014	98
Accumulated amortisation	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	–
Net carrying amount	
At 31 December 2013	–
At 31 December 2014	98

Software cost

Software cost relates to the Group's information technology software which was acquired in business combination and it has a useful life of 3 to 5 years. Software cost is not amortised in the current financial year as it is not available for use as at the end of the reporting period.

13. Investment in subsidiaries

	Company	
	2014 $'000	**2013** $'000
Unquoted equity shares, at cost	5,628	22,769
Allowance for impairment losses	(4,702)	(18,610)
	926	4,159
Movement in allowance accounts:		
1 January	18,610	1,028
Charge during the year	3,661	17,582
Disposal of a subsidiary	(17,569)	–
31 December	4,702	18,610

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13. Investment in subsidiaries (cont'd)

a. Composition of the Group

The Company has the following subsidiaries as at 31 December:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
Held by the Company				
CCM Industrial Pte. Ltd.	Singapore	Supply and installation of access equipment systems as well as general building works for residential and commercial buildings	–	100
CCM Development Pte. Ltd. [i]	Singapore	Dormant	100	100
CCM Manufacturing Pte. Ltd. [i]	Singapore	Dormant	100	100
Singapore Construction & Development Pte. Ltd. (formerly known as CCM Property Pte. Ltd.) [i]	Singapore	Property development	100	100
HotApp International Inc. (formerly known as Fragmented Industry Exchange Inc.) [ii]	United States of America	Investment holding	97.9	–
SeD Perth Pty Ltd [iii]	Australia	Property development	100	–
Cloudtech International Pte. Ltd. [i]	Singapore	Investment holding	100	–
SeD Development USA, Inc (formerly known as CCM Development USA, Inc.) [iv]	United States of America	Property development	100	–
Held through SeD Development USA, Inc				
150 CCM Black Oak LP [iv]	United States of America	Property development	64[@]	–
SeD Maryland Development LLC [iv]	United States of America	Property development	100	–
Held through HotApp International Inc.				
HotApps International Pte. Ltd. [i]	Singapore	Marketing of information technologies	100	–

13. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
Held through HotApps International Pte. Ltd.				
HotApps Call Pte. Ltd. (formerly known as HotApps Japan Pte. Ltd.) [i]	Singapore	Distributions of calling cards	100	–
Guangzhou HotApps Technology Ltd [v]	People's Republic of China	Sale, marketing and support services of mobile application	100	–
Held through Singapore Construction & Development Pte. Ltd.				
Singapore Construction Pte. Ltd. [i]	Singapore	General building works for residential and commercial buildings	100	–
Art eStudio Pte. Ltd. [i]	Singapore	Architectural design	51	–
SeD USA LLC (formerly known as CCM USA LLC) [iv]	United States of America	Property development	100	–
150 Black Oak GP, Inc [iv]	United States of America	Property development	50[#]	–

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 No auditor has been appointed as at the date of financial statements
@ *150 CCM Black Oak LP ("Black Oak LP")*
During the current financial year, the Group has made a capital contribution of US$4.3 million (equivalent to $5.6 million) in Black Oak LP. Based on the partnership agreement dated 20 March 2014, upon termination, the Group has the first priority on this capital contribution before the other limited partners ("Black Oak LP's non-controlling interests"). Accordingly, the Group has not allocated the capital contribution to Black Oak LP's non-controlling interests as at 31 December 2014.
150 Black Oak GP, Inc ("Black Oak")
On 20 March 2014, one of the subsidiaries of the Company, SeD USA, LLC, acquired 500 ordinary shares of Black Oak, which represented 50% of the total shareholding in Black Oak. The remaining 500 ordinary shares in Black Oak are held by Woodrow A.Holland, Trustee for The Fogarty Family Trust II ("Fogarty"), which is an external party. Notwithstanding that the Group only has 50% effective shareholding in Black Oak, management is of the view that they have control over this entity as the CEO who is appointed by the Group has casting vote during board meetings which key decisions are made.

13. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Impairment testing of investment in subsidiaries

During the current financial year, management performed an impairment test for the investment in CCM Development Pte. Ltd. and CCM Manufacturing Pte. Ltd. as these subsidiaries have been loss making. Management has written down the investment in these subsidiaries to their recoverable amounts based on their fair value less cost to sell. Management has assessed that the fair value less cost to sell approximates the extent of the net assets held by the subsidiaries at the end of the reporting period and accordingly, an impairment loss of $3,661,000 (2013: $17,582,000) was recognised for the year ended 31 December 2014.

b. Acquisition of subsidiary

(i) Hotapps International Pte. Ltd. ("HAIPL")

On 12 August 2014, the Company entered into a conditional sale and purchase agreement with one of the directors, Mr Chan Heng Fai, to acquire the entire issued and paid up share capital of HAIPL at a consideration of $98,000. HAIPL, a Singapore incorporated entity owned a mobile application with proprietary developed technology. The acquisition is consistent with the Company's expansion strategy into the information technology industry.

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

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

* Amount is less than $1,000.

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

Impact of the acquisition on profit or loss

From the acquisition date, HAIPL has contributed $556,000 to the Group's loss for the year. As there is no pre-acquisition reserves in relation to HAIPL, there would be no change to HAIPL's contribution to the Group's revenue and loss for the year had the business combination took place at the beginning of the year.

13. Investment in subsidiaries (cont'd)

b. Acquisition of subsidiary (cont'd)

(i) Hotapps International Pte. Ltd. ("HAIPL") (cont'd)

Provisional accounting of the acquisition of HAIPL

Software of $98,000 has been identified as an intangible asset arising from this acquisition (Note 12). As at 31 December 2014, the fair value of this software which amounted to $98,000 has been determined on a provisional basis as the management is still in the process of finalising the valuation. Goodwill (if any) arising from this acquisition and software cost will be adjusted accordingly on a retrospective basis when the valuation is finalised.

(ii) Hotapp International Inc. ("HAI")

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

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

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

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

13. Investment in subsidiaries (cont'd)

b. Acquisition of subsidiary (cont'd)

(ii) Hotapp International Inc. ("HAI") (cont'd)

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

	Fair value recognised on acquisition $'000
Cash and cash equivalents	12
Trade and other payables	54
Accruals	8
Loans and borrowings	89
	151
Total identifiable net liabilities	(139)
Non-controlling interest measured at the non-controlling interest's proportionate share of HAI's net idenfiable assets	1
Cash paid on acquisition of HAI	(330)
Listing expenses	468
Effect of the acquisition on cash flows	
Cash paid on acquisition of HAI	330
Less: Cash and cash equivalents of HAI	(12)
	318
Add: Cash paid on acquisition of HAIPL	98
Net cash outflow on acquisitions	416

Equity instruments issued as part of consideration transferred

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

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

Terms of the perpetual preferred stock are as follows:

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

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

As of 31 December 2014, the fair value of the preference shares as at 31 December 2014 has been not been recognised as the Hotapp software has not launched nor has any subscribed users.

13. Investment in subsidiaries (cont'd)

c. Loss of control in subsidiary

On 16 May 2014, the Group entered into a sale agreement to dispose of 100% of its interest in its wholly-owned subsidiary, CCM Industrial Pte. Ltd. (CIPL), at $1. The disposal consideration was fully settled in cash. The disposal was completed on 21 May 2014, and the Group ceased to have control over CIPL as control was passed to the acquirer.

The value of assets and liabilities of CIPL recorded in the consolidated financial statements as at 21 May 2014, and the effects of the disposal were:

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

Gain on disposal:

	2014
	$'000
Cash received	–*
Net liabilities derecognised	(19,170)
Gain on disposal (Note 10)	(19,170)

* Amount is less than $1,000.

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14. Gross amount due from customers for contract work-in-progress

	Group	
	2014	**2013**
	$'000	$'000
Aggregate contract costs incurred to-date	–	152,783
Add: Attributable profit recognised to-date	–	2,370
Less: Provision for foreseeable losses	–	(8,708)
Less: Progress billings	–	(143,114)
	–	3,331
Presented as:		
Gross amount due from customers for contract work-in-progress	–	3,331
Retention sums on construction contract included in trade receivables		
- Current	–	1,692
- Non-current	–	2,421
	–	4,113

15. Trade and other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Trade and other receivables (current)				
Trade receivables	278	12,210	–	–
Retention sum receivables	–	1,692	–	–
Other receivables	20	572	3	7
Refundable deposits	–	557	–	–
Amount due from a subsidiary (non-trade)	–	–	22,362	–
	298	15,031	22,365	7
Trade receivables (non-current)				
Trade receivables	–	2,421	–	–
Total trade and other receivables	298	17,452	22,365	7
Add: Cash and short-term deposits (Note 17)	21,528	2,184	15,488	409
Less: Advances made to sub-contractors	–	(555)	–	–
Total loans and receivables	21,826	19,081	37,853	416

15. Trade and other receivables (cont'd)

Trade receivables (current)

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.

Trade receivables (non-current)

Non-current trade receivables relate to retention sum receivables after 12 months discounted at 5.25% from its nominal amount of $2,672,000 to $2,421,000. The notional interest of $251,000 was recognised in profit and loss.

There are no trade receivables denominated in foreign currencies.

Retention sum receivables

Retention sum receivables relate to retention monies on construction contracts by customers.

Other receivables

In the previous financial year, included in other receivables were advances made for material and labour costs to the Group's sub-contractors which amounted to $555,000. There were no advances made as at the end of the current financial year.

Refundable deposits

Refundable deposits mainly relate to non-interest bearing cash collateral placed with insurers for the Group's performance bonds.

Amount due from a subsidiary

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

Receivables that are past due but not impaired

At the end of the previous financial year, the Group has trade receivables amounting to $597,000 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014	**2013**
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	–	188
30 days to 60 days	–	29
61 days to 90 days	–	158
More than 90 days	–	222
	–	597

15. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group	
	2014	**2013**
	$'000	$'000
Other receivables – nominal amount	15,517	–
Less: Allowance for impairment	(15,517)	–
	–	–
Movement in allowance accounts:		
At 1 January	–	–
Charge for the year	15,517	–
At 31 December	15,517	–

At the end of the reporting period, the Group and the Company have provided an amount of $15,517,000 (2013: nil) and $10,087,000 (2013: nil) respectively for impairment of amount due from CIPL as CIPL is currently under creditor's liquidation. The amount has been recognised in the "Loss from discontinued operation, net of tax" line item in the consolidated statement of comprehensive income for the year ended 31 December 2014.

In addition, the Company has also provided for an allowance of $2,217,000 (2013: nil) for impairment of an amount due from a subsidiary with a nominal amount of $2,217,000 (2013: nil) as the subsidiary was making losses and has ceased business operation at the end of the reporting period.

Receivables subject to offsetting arrangement

During the financial year, the Group provided construction services to and purchased materials from an external party. Following the termination of the agreement with the external party, both parties have an arrangement to settle the net amount due to or from each other.

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

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

16. Properties under development

	Group 2014 $'000	Group 2013 $'000
Freehold land	13,565	–
Development costs	3,713	–
	17,278	–

As at 31 December 2014 and 2013, the carrying amount of properties under development held under charge for a floating rate AUD loan (Note 21) are as follows:

	Group 2014 $'000	Group 2013 $'000
Freehold land	1,442	–

During the current financial year, borrowing costs of $2,365,000 (2013: nil), 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 $490,000 (2013: nil) which relates to the amortisation of discount of straight bond component of the exchangeable notes (Note 20). The rate used to determine the amount of borrowing costs eligible for capitalisation was 21.1% (2013: nil), which is the effective interest rate of the specific borrowing.

17. Cash and short-term deposits

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash and bank balances	21,184	871	15,488	106
Bank deposits pledged	344	1,313	–	303
Cash and short-term deposits	21,528	2,184	15,488	409

Included in bank deposits pledged as at 31 December 2014 of the Group is an amount of $290,000 (2013: nil) 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 21). The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 0.35% (2013: 0.07%) and 0.35% (2013: 0.19%) respectively.

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

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Australian Dollar	6	–	–	–
Renminbi	136	–	–	–
United States Dollar	165	–	–	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at the end of reporting period:

	Group	
	2014	**2013**
	$'000	$'000
Cash and short-term deposits	21,528	2,184
Less: Bank overdraft (Note 21)	–	(3,168)
Less: Bank deposits pledged	(344)	(1,313)
Cash and cash equivalents	21,184	(2,297)

18. Provision for claims

	Group			Company
	Legal claim	**Provision for corporate indemnities**	**Total**	**Provision for corporate indemnities**
	$'000	$'000	$'000	$'000
At 1 January 2014	3,000	–	3,000	–
Disposal of a subsidiary (Note 13)	(3,000)	–	(3,000)	–
Arose during the year	–	3,461	3,461	3,461
At 31 December 2014	–	3,461	3,461	3,461

(a) Legal claim

In 2012, a sub-contractor of CIPL has lodged a legal claim against CIPL in relation to work done amounting to $3,000,000. The Group has countersued the sub-contractor in relation to delay and defects of the work performed amounting to approximately $4,036,000.

During the current financial year, the case was heard in the Singapore High Court in a bifurcated trial which CIPL had been found to be liable for the legal claim. CIPL intended to appeal against the judgment. Subsequently, the provision had been de-recognised pursuant to the disposal of CIPL during the current financial year.

18. Provision for claims (cont'd)

(b) Provision for corporate indemnities

Prior to the disposal of CIPL, the Company provided corporate indemnities on performance bonds for the benefits of CIPL in conjunction with construction projects undertaken by CIPL. Corporate indemnities remained outstanding as at 31 December 2014 amounted to $6,922,000 and management has made a provision for these corporate indemnities based on 50% of the total outstanding corporate indemnities which amounted to $3,461,000 (Note 3.2(c)).

19. Trade and other payables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Trade and other payables (current)				
Trade payables	655	21,228	4	–
Other payables	907	2,070	791	177
Withholding tax payable	356	–	–	–
Advances from director	–	1,000	–	1,000
Amounts due to a director (non-trade)	22	767	–	–
Amounts due to subsidiaries (non-trade)	–	–	486	7,307
	1,940	25,065	1,281	8,484
Trade payables (non-current)				
Trade payables	–	2,254	–	–
	1,940	27,319	1,281	8,484
Add: Accrued operating expenses				
- Accrued payroll expenses	479	946	328	177
- Accrued interest expenses	772	–	–	–
- Others	326	351	228	34
	1,577	1,297	556	211
Add: Loans and borrowings (Note 21)	4,878	6,314	1,500	116
Total financial liabilities carried at amortised costs	8,395	34,930	3,337	8,811

<u>Trade payables/other payables (current)</u>

These amounts are non-interest bearing. Trade payables are normally settled on 60 to 90 days' terms while other payables are normally settled on 30 to 60 days' terms.

<u>Trade payables (non-current)</u>

As at 31 December 2013, non-current trade payables relate to retention sum payables after 12 months discounted at 5.25% from its nominal amount of $2,434,000 to $2,254,000. The notional interest of $180,000 was recognised in profit and loss.

<u>Withholding tax payable</u>

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

19. Trade and other payables (cont'd)

Related party balances

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

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Renminbi	216	–	–	–
United States Dollar	657	–	–	–

20. Derivatives

	Group and Company					
	Contract/ Notional Amount	**Assets**	**Liabilities**	**Contract/ Notional Amount**	**Assets**	**Liabilities**
		2014			**2013**	
	$'000	$'000		$'000	$'000	
Exchangeable rights	5,000	–	5,869	–	–	–
Total derivatives		–	5,869	–	–	–
Total financial liabilities at fair value through profit or loss		–	5,869	–	–	–

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

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

The exchangeable notes comprise a straight bond component and a derivative liability component. The fair value of the derivative liability component is calculated using a binomial model incorporating market observable parameters at the date of issue and as at 31 December 2014. The residual amount represents the fair value of the straight bond component which is subsequently measured at amortised cost up to the date of maturity. The straight bond component has an effective interest rate of 70.4% and the interest is non-cumulative.

20. Derivatives (cont'd)

The carrying amounts of the straight bond component and derivative component of the exchangeable notes at the end of the reporting period are arrived at as follows:

	Note	Group 2014 $'000	Group 2013 $'000
At date of issuance:			
Derivative component		2,908	–
Straight bond component		2,092	–
		5,000	–
Net fair value loss on derivative liability	6	2,961	–
Amortisation of discount of straight bond component	16	490	–
At 31 December		8,451	–
Represented by:			
Derivative		5,869	–
Loans and borrowings		2,582	–
		8,451	–

21. Loans and borrowings

	Maturity	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Current:					
DBS trade facility	2014	–	2,539	–	–
Ethoz Capital term loan	2014	–	116	–	116
Obligations under finance leases (Note 24)	2014	–	150	–	–
Loan from a former director	On demand	1,500	–	1,500	–
Loan from a former director of a subsidiary	2015	109	–	–	–
Bank overdraft (Note 17)	On demand	–	3,168	–	–
		1,609	5,973	1,500	116
Non–current:					
Obligations under finance leases (Note 24)	2015– 2018	–	341	–	–
Straight bond component of exchangeable notes (Note 20)	2017	2,582	–	–	–
Floating rate AUD loan	2016	687	–	–	–
		3,269	341	–	–
Total loans and borrowings		4,878	6,314	1,500	116

21. Loans and borrowings (cont'd)

DBS trade facility

For the financial year ended 31 December 2013, the DBS trade facility for financing invoices bears interest at 0.75% to 1.00% per annum above prevailing prime rate for Singapore Dollar bills and 3.25% per annum above cost of funds for foreign currency denominated bills. It is secured by corporate guarantee by the Company (Note 30) and all receivables related to the construction projects as well as the current account opened and maintained with DBS.

During the current financial year, the Group has disposed of a subsidiary of the Group which took up the bank loan.

Ethoz Capital term loan

The loan bore interest at 3.80% (2013: 3.80%) per annum and was secured by a corporate guarantee by CIPL. This loan was fully repaid on 27 September 2014.

Obligations under finance leases

These obligations are secured by a charge over the leased property, plant and equipment (Note 11). The average discount rate implicit in the leases is nil (2013: 2.89%) per annum.

Loan from a former director

This loan is taken from a former director. The loan is interest free and repayable on demand.

Loan from a former director of a subsidiary

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

Bank overdraft

In the previous financial year, the DBS Overdraft Facility bore interest ranging from 1.25% to 1.50% per annum above the prevailing prime rate. It was secured by a corporate guarantee by the Company (Note 30), receivables related to CIPL's projects as well as the current accounts opened and maintained with DBS.

As at 31 December 2013, the UOB Overdraft Facility bore interest at the bank's Prime Lending Rate for the first $300,000 and 1.00% per annum above the bank's Prime Lending Rate for the remaining amount of the facility. It was secured by bank deposits and a corporate guarantee by the Company (Note 30).

Floating rate AUD loan

The loan is repayable on demand and is secured by a charge over freehold land under development (Note 16) as well as a deposit pledged (Note 17). 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 of the interest rates applicable to each of the Business Markets Facility Components which ranges from 5.69% to 6.64% for the current financial year.

22. Share capital and other reserves

Share capital

	Group and Company			
	2014		2013	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:				
At 1 January	171,222	15,809	92,220	9,565
Issuance of ordinary shares	–	–	80,000	7,058
Issued pursuant to exercise of Bonus Piggyback Warrants	1,060,650	11,045	–	–
Issued pursuant to rights issue and bonus share issue	27,297,717	40,947	–	–
Share issuance expenses	–	(442)	–	(814)
Share consolidation impact	(28,244,293)	–	–	–
At 31 December	285,296	67,359	172,220	15,809

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.

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 8). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(c) Merger reserve

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

23. Related party transactions

During the current financial year, in addition to the related party information disclosed elsewhere in the financial statement, 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 2014, certain directors of the Group have provided personal guarantees amounting to approximately $687,000 (2013: $391,000) to secure external loans and borrowings from financial institutions (2013: performance bonds and paint warranties) for the Group.

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

	Group	
	2014	**2013**
	$'000	$'000
Short-term employee benefits	875	1,490
Central Provident Fund contributions	33	114
Share-based payment (Employee share option plan)	237	–
	1,145	1,604
Comprises amounts paid to:		
Directors of the Company	838	884
Other key management personnel	307	720
	1,145	1,604

Included in the compensation of key management personnel is an amount of $85,000 (2013: $996,000) which relates to discontinued operation.

Directors' interests in employee share option plan

During the current financial year, a total of 796,000 (2013: 19,690,000) share options were granted to a director of the Company under the Scheme (Note 8) at an exercise price of $0.11 (2013: $0.035).

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

As at 31 December 2014, a director of the Company has provided a loan to the Group amounting to $22,000 (2013: $767,000) for general operating activities.

During the current financial year, a loan amounted to $3,000,000 was taken from a former director and $1,500,000 remained outstanding as at 31 December 2014. The loan is interest free and repayable on demand (Note 21).

23. Related party transactions (cont'd)

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

As at 31 December 2014, Inter-American Development LLC, ("IAD") has provided management services amounting to $832,000 (2013: nil) for managing the properties under development in United State of America for the current financial year. IAD is a company related to a director of the Company. The management fee has been capitalised in properties under development.

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

As at 31 December 2014, $84,000 (2013: nil) have been paid to SLP-More Ltd for marketing activities in relation to a property under development. SLP-More Ltd is a company related to a director of the Company.

(f) ***Purchase of HAIPL from a director***

On 12 August 2014, the Company entered into a conditional sale and purchase agreement with one of the directors, Mr Chan Heng Fai, to acquire the entire issued and paid up share capital of HAIPL at a consideration of $98,000. HAIPL, a Singapore incorporated entity owned a mobile application with proprietary developed technology and was ready to be launched in the mobile application market (Note 13).

24. Commitments

(a) ***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	
	2014	**2013**
	$'000	$'000
Not later than one year	194	106
Later than one year but not later than five years	94	12
	288	118

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to $170,000 (2013: $211,000).

24. Commitments (cont'd)

(b) *Finance lease commitments*

The Group has finance leases for certain items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2014		2013	
	Minimum lease payments $'000	Present value of payments (Note 21) $'000	Minimum lease payments $'000	Present value of payments (Note 21) $'000
Not later than one year	–	–	173	150
Later than one year but not later than five years	–	–	366	341
Total minimum lease payments	–	–	539	491
Less: Amounts representing finance charges	–	–	(48)	–
Present value of minimum lease payments	–	–	491	491

25. Financial risk management policies and objectives

The Group 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 policy that no trading in derivative financial instruments for speculative purposes shall be undertaken. The Group does not apply hedge accounting.

The following sections provide details regarding the Group'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 exposure to these financial risks or the manner in which it manages and measures the risks.

25. 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 counter party default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing with high credit rating counter parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group'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 exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

At the end of the reporting period, approximately 100% (2013: 85%) of the Group's trade receivables relate to one (2013: five) major customer located in Singapore.

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. Cash and short-term deposits that are neither past due nor impaired 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 either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

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

(b) ***Liquidity risk***

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and loans and borrowings from various banks. In addition, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting period, approximately 33% (2013: 95%) of the Group's loans and borrowings (Note 21) will mature in less than one year based on the carrying amounts reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturity

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

	One year or less	**One to five years**	**Total**
	$'000	$'000	$'000
Group			
2014			
Financial assets			
Trade and other receivables	298	–	298
Cash and short-term deposits	21,528	–	21,528
Total undiscounted financial assets	21,826	–	21,826
Financial liabilities			
Trade and other payables	(1,940)	–	(1,940)
Accrued operating expenses	(1,577)	–	(1,577)
Loans and borrowings	(2,509)	(7,100)	(9,609)
Total undiscounted financial liabilities	(6,026)	(7,100)	(13,126)
Total net undiscounted financial assets/(liabilities)	15,800	(7,100)	8,700

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

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

	One year or less $'000	One to five years $'000	Total $'000
Group			
2013			
Financial assets			
Trade and other receivables	14,476	2,672	17,148
Cash and short-term deposits	2,184	–	2,184
Total undiscounted financial assets	16,660	2,672	19,332
Financial liabilities			
Trade and other payables	(25,065)	(2,434)	(27,499)
Accrued operating expenses	(1,297)	–	(1,297)
Loans and borrowings	(5,973)	(366)	(6,339)
Total undiscounted financial liabilities	(32,335)	(2,800)	(35,135)
Total net undiscounted financial liabilities	(15,675)	(128)	(15,803)
Company			
2014			
Financial assets			
Trade and other receivables	22,365	–	22,365
Cash and short-term deposits	15,488	–	15,488
Total undiscounted financial assets	37,853	–	37,853
Financial liabilities			
Trade and other payables	(1,281)	–	(1,281)
Accrued operating expenses	(556)	–	(556)
Loans and borrowings	(1,500)	–	(1,500)
Total undiscounted financial liabilities	(3,337)	–	(3,337)
Total net undiscounted financial assets	34,516	–	34,516

25. 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			
2013			
Financial assets			
Trade and other receivables	7	–	7
Cash and short-term deposits	409	–	409
Total undiscounted financial assets	416	–	416
Financial liabilities			
Trade and other payables	(8,484)	–	(8,484)
Accrued operating expenses	(211)	–	(211)
Loans and borrowings	(116)	–	(116)
Total undiscounted financial liabilities	(8,811)	–	(8,811)
Total net undiscounted financial liabilities	(8,395)	–	(8,395)

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

	Group and Company One year or less $'000
2014	
Financial guarantees	6,922
2013	
Financial guarantees	12,250

(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 policy is to obtain the most favourable interest rates available.

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

(c) ***Interest rate risk (cont'd)***

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 loss before tax would have been $7,000 lower/higher (2013: $44,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. 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, Australian Dollar (AUD) and United States Dollar (USD). The foreign currencies in which these transactions are denominated are mainly USD. Approximately 6% (2013: nil) of the Group's activities are denominated in foreign currencies.

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	
		2014	**2013**
		$'000	$'000
		Loss before tax (Decrease)/Increase	
USD/SGD	- strengthened 5% (2013: nil)	25	–
	- weakened 5% (2013: nil)	(25)	–

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

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in its market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its embedded derivatives from exchangeable notes (Note 20). The Company's shares are quoted on the SGX-ST. The fair value of the derivative liability is derived using a binomial model which takes into consideration the share price of the Company as at 31 December 2014. Any subsequent changes to the fair value of the derivative liability are recognised in profit or loss.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the Company's share price had been 1% (2013: nil) higher/lower with all other variables held constant, the Group's loss before tax would have been $79,000 (2013: nil) higher/lower, arising as a result of higher/lower fair value loss on derivative liability.

26. 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		
		Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Total**
	Note	$'000	$'000	$'000
Group and Company				
2014				
Liabilities measured at fair value				
Financial liabilities				
Derivatives	20	–	5,869	5,869

(c) *Level 2 fair value measurements*

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

Derivatives

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

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

(d) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

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

	Note	2014		2013	
		Fair value measurements at the end of the reporting period			
		Significant unobservable inputs (Level 3) $'000	Carrying amount $'000	Significant unobservable inputs (Level 3) $'000	Carrying amount $'000
Group					
Financial assets					
Trade receivables (non-current)	15	–	–	2,673	2,421
Financial liabilities					
Trade payables (non-current)	19	–	–	2,433	2,254
Obligations under finance leases (non-current)	21	–	–	366	341

Determination of fair value
The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing 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 not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Note	2014		2013	
		Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group					
Financial assets					
Trade receivables (non-current)	15	–	–	2,421	2,673
Financial liabilities					
Trade payables (non-current)	19	–	–	2,254	2,433
Obligations under finance leases (non-current)	21	–	–	341	366

27. 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 2014 and 2013.

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	**2014**	**2013**
		$'000	$'000
Trade and other payables	19	1,940	27,319
Accrued operating expenses	19	1,577	1,297
Loans and borrowings	21	4,878	6,314
Total debt		8,395	34,930
Less: Cash and short-term deposits	17	(21,528)	(2,184)
Net (cash)/debt		(13,133)	32,746
Equity/(deficit) attributable to the owners of the Company		21,800	(11,819)
Capital and net debt		8,667	20,927
Gearing ratio		NA*	156%

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

28. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has three 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 including (but not limited to) mobile internet and cloud computing technology; and

(c) 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 current year, the operations of these three segments have been aggregated into one segment and the operation for this aggregated segment was subsequently discontinued.

28. 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:

	Group	
	2014	**2013**
	$'000	$'000
Non-current assets		
Singapore	52	2,557
People's Republic of China	174	–
	226	2,557

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

Revenue for the financial years ended 31 December 2014 and 2013 are entirely generated from Singapore.

Information about major customers

Revenue from one major customer amounted to $2,145,000 (2013: $31,995,000), being 14% (2013: 35%), arising from sales by the construction segment which is classified as discontinued operation in the current financial year.

28. Segment reporting (cont'd)

	Operating Segments						Non-operating Segment						
	Construction (Discontinued operation)		Property development		Info-Tech related businesses		Corporate and others Note (B)		Adjustments and eliminations		Note	Per consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Segment revenue	15,518	92,341	–	–	–	–	–	–	(15,518)	(92,341)	A	–	–
Segment results													
Gross loss	(1,765)	(2,614)	–	–	(41)	–	–	–	1,765	2,614	A	(41)	–
Net loss before tax	(13,088)	(21,422)	(3,204)	–	(1,186)	–	(3,265)	(998)	13,088	21,422	A	(7,655)	(998)

Note A

The 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".

Note B

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

29. 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 2014 and 2013:

	Group	
	2014	**2013**
	$'000	$'000 (Restated)
Loss for the year attributable to owners of the Company	(20,730)	(22,420)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	13,088	21,422
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	(7,642)	(998)
Weighted average number of ordinary shares for basic/diluted earnings per share computation ('000) *	92,288	1,831
Basic and diluted loss per share (cents per share)	(8.3)	(54.5)

* The weighted average number of shares takes into account the effect of changes from share consolidation and rights issues during the year.

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

(b) *Loss per share computation*

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share computation. These loss and share data are presented in the tables in Note 29(a) above.

30. Contingent liabilities

Guarantees

The Company has provided the following corporate guarantees to CIPL as at 31 December 2014 and 2013:

– Bank overdraft of nil (2013: $3,168,000) (Note 21);

– Bank loan of nil (2013: $2,539,000) (Note 21);

– Foreign workers indemnity of nil (2013: $1,210,000); and

– Performance bond and financial bond for various projects of $3,461,000(2013: $12,250,000) (Note 3.2(c)).

31. Events occurring after the reporting period

Incorporation of new subsidiaries

(a) SeD Maryland Development LLC

On 12 January 2015, the Company, via one of its wholly-owned subsidiaries, SeD Development USA, Inc., has incorporated a wholly-owned subsidiary, SeD Maryland Development LLC, which is a limited liability company in State of Delaware, USA. SeD Maryland will be engaged in property development activities in USA.

SeD Maryland has entered into a set of agreements with a builder in USA for SeD Maryland to purchase a property, identified as “Ballenger Run” for a consideration of US$15.7 million (equivalent to $19.8 million). Ballenger Run is a property development project which comprises of 853 residential units (the “Project”), located on 197 acres along Ballenger Creek Pike in Frederick County, Maryland, USA which is near Washington DC, USA. The 853 residential units consist of 443 single-family residential lots, 210 multi-family units and 200 assisted-living units. The 443 single-family residential lots in Ballenger Run was subsequently sold to the builder for an estimated projected amount of US$59.8 million (equivalent to $75.8 million) under the Lot Purchase Agreements.

(b) CloudTv Pte. Ltd.

On 18 March 2015, the Company announced that one of its wholly-owned subsidiaries, Cloudtech International Pte. Ltd., has incorporated a wholly-owned subsidiary, CloudTv Pte. Ltd. in Singapore. CloudTv will be engaging in the cloud media technology business.

(c) SeD Home USA, Inc

On 30 March 2015, the Company announced the incorporation of a wholly-owned subsidiary, SeD Home USA, Inc., in the state of Delaware, USA. It is principally engaged in investment holding.

31. Events occurring after the reporting period (cont'd)

Incorporation of new subsidiaries (cont'd)

(d) HotApp International Limited

On 25 March 2015, HotApps International Pte. Ltd., a subsidiary in which the Company holds a 97.9% in its equity interest through HotApp International Inc., has acquired 100% of issued share capital in HotApp International Limited ("HotApp HK") for a cash consideration of HK$1.00 from Mr Chan Heng Fai, a substantial shareholder and the Company's Executive Director and CEO.

HotApp HK is a corporation incorporated in Hong Kong Special Administrative Region of the People's Republic of China with a total issued share capital of HK$1.00 represented by one issued share at HK$1.00 each. The consideration of the acquisition was based on the issued share capital of HotApp HK. HotApp HK is principally engaged in the sale and marketing of mobile application.

32. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 2 April 2015.

Properties of The Group

As at 31 December 2014

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	11	2,024 m^2	100%	2016

Subdivsion

Country	Location	Land Size	Tenure	No. of Lots	Equity Interest	Expected year of Completion
USA	Black Oak, TX	550,372 m^2	Freehold	365	64%	2019

Statistics of Shareholdings

As at 20 March 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	47	2.73	1,320	0.00
100 – 1,000	322	18.72	189,218	0.07
1,001 – 10,000	494	28.72	2,454,528	0.86
10,001 – 1,000,000	822	47.79	84,067,744	29.47
1,000,001 AND ABOVE	35	2.04	198,583,040	69.60
TOTAL	**1,720**	**100.00**	**285,295,850**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	PHILLIP SECURITIES PTE LTD	98,766,088	34.62
2.	MAYBANK KIM ENG SECURITIES PTE. LTD.	16,462,182	5.77
3.	TOH SOON HUAT	8,750,000	3.07
4.	TAN FUH GIH	8,668,000	3.04
5.	RAFFLES NOMINEES (PTE) LIMITED	7,247,220	2.54
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	5,185,880	1.82
7.	LOH YIH	3,540,000	1.24
8.	HONG LEONG FINANCE NOMINEES PTE LTD	3,538,000	1.24
9.	MRS CHAU-CHAN SUI YUNG	3,420,000	1.20
10.	LIM NGERN BOEY	3,020,000	1.06
11.	UOB KAY HIAN PRIVATE LIMITED	2,761,090	0.97
12.	OCBC SECURITIES PRIVATE LIMITED	2,699,670	0.95
13.	TAN JUI YAK	2,307,590	0.81
14.	TEGUH ANDY	2,090,000	0.73
15.	TEY HANG LIANG	2,065,300	0.72
16.	TAN CHIN WAH	2,000,000	0.70
17.	SIM YONG NAM	1,860,000	0.65
18.	TAN BENG SEN	1,851,000	0.65
19.	TAN MENG SENG	1,605,000	0.56
20.	HU QINGCHUN	1,600,000	0.56
	TOTAL	**179,437,020**	**62.90**

Statistics of Shareholdings

As at 20 March 2015

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 20 March 2015, approximately 62.20% 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	38,250,000	13.41%	–	–
Chan Heng Fai[(1)]	46,750,000	16.39%	38,250,000	13.41%
Toh Soon Huat	8,750,000	3.07%	14,087,000	4.94%

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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore eDevelopment Limited (the "Company") will be held at Pan Pacific Singapore, Ocean 4, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 27 April 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$243,400 for the financial year ended 31 December 2014 (2013: S$168,000). **(Resolution 2)**

3. To approve the payment of Directors' fees of up to S$230,000 and for payment of such Director's fees quarterly in arrears for the financial year ending 31 December 2015. **(Resolution 3)**

4. To re-appoint Ernst & Young LLP as the Company's Auditor and to authorise the Directors to fix their remuneration. **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Articles of Association:

   Mr Teh Wing Kwan **(Resolution 5)**
   Mr Tao Yeoh Chi **(Resolution 6)**

   Mr Teh Wing Kwan will, upon re-election as a Director of the Company, remain as an Non-Executive Director and a member of the Audit & Risk Management Committee of the Company.

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

6. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Chan Heng Fai be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [See Explanatory Note (i)]

   Mr Chan Heng Fai will, upon re-appointment as a Director of the Company, remain an Executive Director and CEO and a member of the Nominating Committee. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares in the capital of the Company ("Shares") - Share Issue Mandate**

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

(a) (i) allot and issue shares in the capital of the Company ("***Shares***") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "***Instruments***") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided that:-

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:-

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the 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 Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)]. **(Resolution 8)**

9. **Authority to grant options and issue shares in accordance with Singapore eDevelopment Limited Share Option Scheme**

"THAT the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the share option scheme of the Company adopted on 20 November 2013 (the "**Singapore eDevelopment Limited Share Option Scheme**" or the "**Scheme**") and to issue such shares as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme and the Plan (as defined in Resolution 10) shall not exceed twenty per cent (20%) of the issued share capital of the Company from time to time.
[See Explanatory Note (iii)] **(Resolution 9)**

10. **Authority to issue shares under the Singapore eDevelopment Limited Performance Share Plan**

"THAT the Directors of the Company be and are hereby authorised to offer and grant share awards in accordance with the Singapore eDevelopment Performance Share Plan adopted on 23 October 2014 (the "**Plan**") and to issue such shares as may be required to be issued under the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan and the Scheme shall not exceed twenty per cent (20%) of the issued share capital of the Company from time to time.
[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 10 April 2015

Notice of Annual General Meeting

Explanatory Notes:

(i) The effect of the Ordinary Resolution 7 proposed in item 6 above, is to re-appoint a director who is over 70 years of age.

(i) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments. The aggregate number of Shares and convertible instruments which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible instruments other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 8 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options in accordance with the Scheme.

(iv) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company, to issue shares in accordance with the Plan.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #09-02A, Suntec Tower Two, Singapore 038989 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

SINGAPORE EDEVELOPMENT LIMITED
(Company Registration Number: 200916763W)
(Incorporated in Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

*I/We, ____ (Name)

of ____ (Address)

being *a member/members of SINGAPORE EDEVELOPMENT LIMITED (the "**Company**"), hereby appoint:

Name	* NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	* NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Meetings as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Pan Pacific Singapore, Ocean 4, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 27 April 2015 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

(If you wish to exercise all your votes "For" or "Against", please indicate with a [x] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial period ended 31 December 2014		
2	Approval of Directors' fees amounting to S$243,400 for the financial year ended 31 December 2014		
3	Approval of Directors' fees of up to S$230,000 and for payment of such Directors' fees quarterly in arrears for the financial year ending 31 December 2015		
4	Re-appointment of Ernst & Young LLP as Auditor		
5	Re-election of Mr Teh Wing Kwan as a Director		
6	Re-election of Mr Tao Yeoh Chi as a Director		
7	Re-appointment of Mr Chan Heng Fai as a Director		
8	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
9	Authority to grant options under Singapore eDevelopment Limited Share Option Scheme		
10	Authority to issue shares under the Singapore eDevelopment Limited Performance Share Plan		

Dated this ____________ day of ____________________ 2015

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

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

* Delete accordingly.

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), 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 instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **9 Temasek Boulevard #09-02A, Suntec Tower Two, Singapore 038989** not less than **48** hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

Directors
Basil Chan
Chan Heng Fai
Teh Wing Kwan
Chan Yu Meng
Tao Yeoh Chi

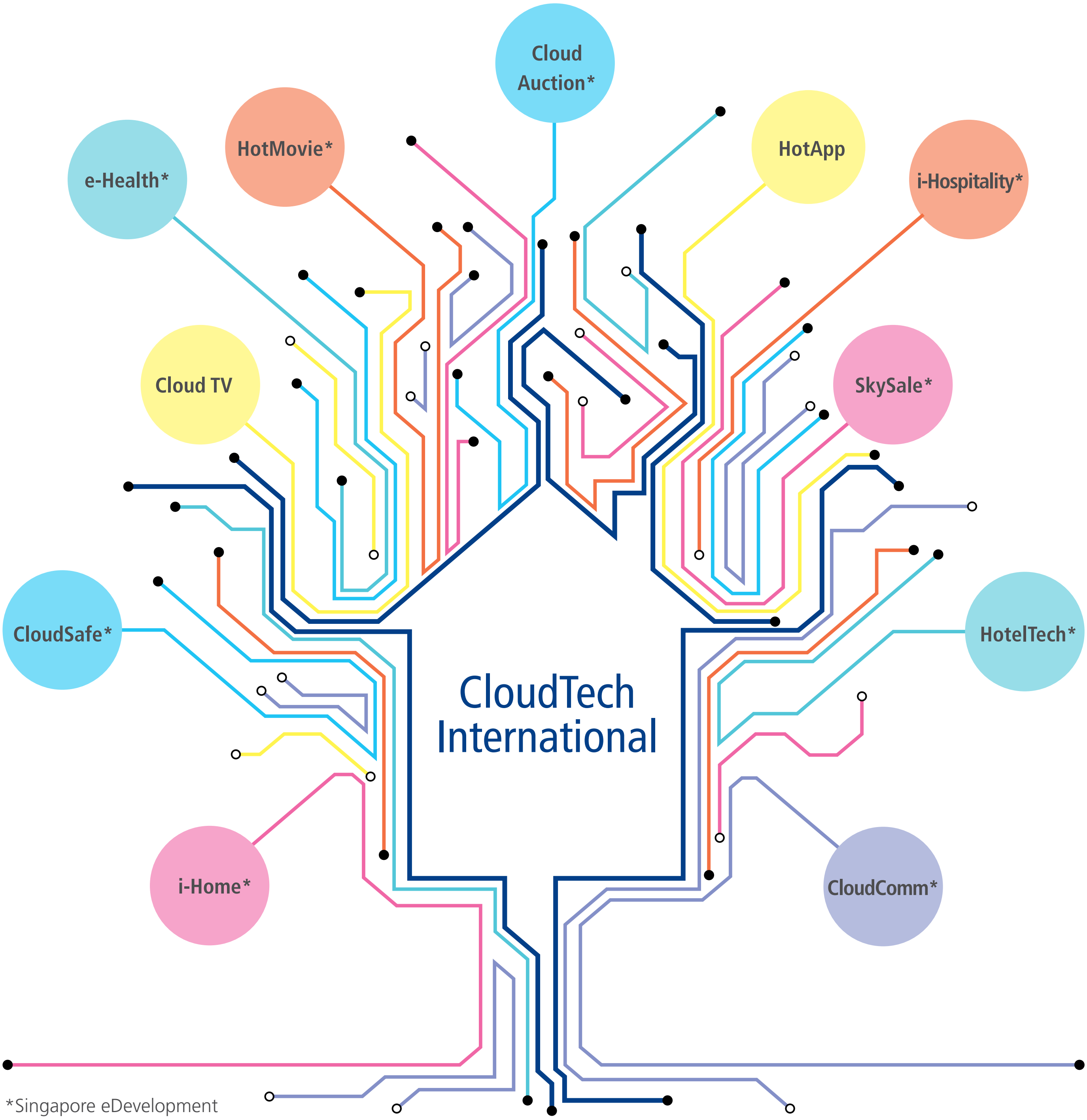
Company Secretary
Gwendolyn Gn Jong Yuh
(LLB Hons)

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

Registered Office
9 Temasek Boulevard #09-02A
Suntec Tower Two
Singapore 038989
Email: contact@sed.com.sg

Auditor
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Low Bek Teng
(Since financial year ended 31 December 2011)

Sponsor
Hong Leong Finance Limited
16 Raffles Quay
#40-01A Hong Leong Building
Singapore 048581



*Singapore eDevelopment Limited is exploring these potential segments.

Singapore eDevelopment Limited

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