Development Limited

Annual Report 2018

Contents

Letter to Shareholders

Dear Shareholders:

The Board of Directors of M Development Ltd (the "Company") wishes to present its FY2018 Annual Report to the shareholders.

For the financial year ended 31 December 2018 ("FY2018"), the Group recorded higher revenue of S$1,952,000 as compared to revenue of S$388,000 in the financial year ended 31 December 2017 ("FY2017") mainly due to higher trading activities. The Group reported a gross loss of S$15,000 in FY2018 mainly due to higher storage costs.

General and administrative expenses decreased by S$360,000 mainly due to lower professional fees incurred for the Lawsuit. The trial was concluded in 1st quarter of 2018, resulting in decrease in professional fees incurred.

The Group recorded a net loss of S$1,645,000 for FY2018 as compared to a net loss of S$1,957,000 for FY2017. The decrease in net loss was mainly due to lower professional fees as mentioned above.

The Company's subsidiary, Winsta Holding Pte. Ltd. ("Winsta") and its seven subsidiaries (the "Subsidiaries") commenced legal proceedings on 20 May 2015 against a total of thirteen defendants who are alleged to have been responsible for and/or connected with improper acts which have caused Winsta and the Subsidiaries to suffer losses (the "Lawsuit"). For more particulars on the Lawsuit, kindly refer to the Company's announcements made on 9 April 2015, 5 May 2015 and 21 May 2015.

Under these circumstances, the Subsidiaries were placed under creditors' voluntary liquidation on 3 August and 4 August 2015. Notwithstanding the liquidation of the Subsidiaries, the Company sought and successfully obtained an order from the courts to be substituted in their place as a direct party to the Lawsuit.

On 5 November 2018, the Company was successful in its claim against the various defendants in the Lawsuit and was awarded equitable compensation assessed at S$1,404,333 and costs of S$870,261 (the "Judgement"). On 3 December 2018 and 4 December 2018, some of the defendants and the Company filed appeals against the Judgement. The date of hearing of the appeals by the Court of Appeal is presently fixed to be heard in the third quarter of 2019. Subsequent to the financial year, the defendants have made payment of all the monies awarded under the Judgement to the Company's lawyers who will hold these sums on the Company's behalf until the resolution of the appeals. In the event that any further sums are awarded to the Company by the Court of Appeal pursuant to the appeals, the Company will have the right to demand and claim for these additional sums.

In view of the pending appeals, the Board of Directors has decided not to record the amount in the Company's books until decision by the Court of Appeal to the appeals.

For the year under review, the Group proposed one reverse takeover attempt but to no success. On 28 November 2018, the Group announced that after further due diligence and negotiations, the Company and the vendor have mutually agreed not to proceed with the proposed transaction, and have ceased discussions in relation to the proposed transaction.

The Company was placed on the watch-list due to the minimum trading price entry criterion (the "MTP Watch-list") with effect from 5 June 2017. The Company was deemed a cash company with effect from 8 September 2017. The trading in the Company's shares were suspended with effect from 11 September 2017. On 5 December 2018, the Company was informed by SGX-ST that no further extension will be granted and the Company will be removed from the Official List of SGX-ST, and a cash exit offer in accordance with Rule 1309 of the listing manual ("Cash Exit Offer") should be made to Shareholders within 6 months. In view of the above, the Company is considering all available options and will, in compliance with the relevant requirements under the listing manual, update the Shareholders on any material developments, including the Cash Exit Offer in accordance with Rule 1309 of the listing manual.

Pending the outcome of the appeals, the Board of Directors is of the view that surplus cash capital in excess of the Company's needs should be returned to the shareholders by way of capital reduction and cash distribution. The Company is proposing to make the cash distribution of S$4,500,000 (equal to approximately 0.23 Singapore cents per share to shareholders), based on the issued and paid-up share capital of the Company of S$46,226,000 comprising 1,921,737,787 shares at the upcoming annual general meeting.

On behalf of the Board, we would like to express our deepest gratitude to our stakeholders for the support in the past year as well as the continuous support in the coming year.

From the Board of Directors

Board of Directors of M Development Ltd.

MR HUANG WEN-LAI
Executive Chairman and Director

Mr Huang was appointed as an Executive Director of the Company on 15 January 2011 and as Executive Chairman on 30 April 2011.

A self-made entrepreneur, Mr Huang has vast knowledge and more than 20 years of experience in running a number of successful business venture, including inter alia, businesses in IT & IT-related, chemical & pharmaceutical, international trading as well as real-estate development & investment sectors.

Currently, Mr Huang is Chairman of Pharmally International Holding Co., Ltd and an Independent Director of Gigabyte Technology Co., Ltd, both listed on the Taiwan Stock Exchange Corporation. Mr Huang also sits on the board of directors of a few other group companies in Pharmally International Holding Co., Ltd. Besides, Mr Huang is also the Chairman for three private companies in China, namely, Xiamen Sharing Group Co., Ltd, Xiamen Xinyang Benma Technology Co. Ltd. and Luan Benma Pioneer Technology Co. Ltd.

Mr Huang holds a Diploma in Digital System Section, Department of Electronic Engineering, Ming Hsin Institute of Technology and Commerce.

MS LI LIPING
Executive Director

Ms Li was appointed as the Executive Director of the Company on 1 February 2016.

Ms Li worked in China Construction Bank for 18 years. During her career with the bank, she held senior positions in various areas including credit, business relationship and international business. From 2014, she was the deputy general manager of Xiamen Shenshou Science and Technology Co., Ltd. Given her 18 years of experience in banking and finance sector, she brings forth extensive knowledge of management and finance from her academic and professional career.

She holds a Bachelor Degree in International Finance and a Master of Business Administration from Xiamen University.

MR CHIN YEW CHOONG DAVID
Non-Executive Non-Independent Director

Mr Chin was re-designated as a Non-Executive Non-Independent Director for the Group on 20 December 2016. He has served as an Independent Director of the Company between 2 October 2009 to 20 December 2016. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr Chin is currently a Director in the Regional Desk Practice of Rajah & Tann Singapore LLP. He was previously with Drew & Napier since 1985 and became a partner in 1992. Upon incorporation in 2001, he was a director of Drew & Napier LLC until 2012. He became a Consultant with Drew & Napier LLC from 2012 until 2015 after which he joined Rajah & Tann Singapore LLP.

Mr Chin graduated with a Bachelor of Laws (Honours) degree from the National University of Singapore and was called to the Bar in 1985.

Mr Chin also serves on the board of Jackspeed Corporation Limited and Universal Resources and Services Limited, which are listed on the SGX-ST.

Board of Directors of M Development Ltd.

MR DALI KUMAR BIN SARDAR
Independent Director

Mr Sardar was appointed as a Non-Executive Director of the Company on 29 August 2003. Mr Sardar was re-designated from Non-Executive Director to Executive Director of the Company on 1 October 2009 to assume an executive role to oversee the business restructuring of the Group. Subsequently with the appointment of Mr Huang Wen-Lai as an Executive Director of the Company on 15 January 2011 and Mr Sardar was then re-designated from Executive Director to Non-Executive Director.

Mr Sardar is currently the Chairman of the Nominating Committee and the Remuneration Committee. Mr Sardar is also a member of the Audit Committee.

With a background in banking and finance, he brings to the board over 36 years of valuable experience having spent 14 years in Citibank/Citicorp. He is now Director of DTA Capital Partners Sdn Bhd, a boutique corporate finance company involved mainly in venture capital, equity and debt raising, mergers and acquisitions, IPO planning and various forms of corporate restructuring. Previously, Mr Sardar was CEO of Utama Merchant Bank Bhd. Between 1991 and 1996, he was with Citicorp Capital - first as Executive Director, then as Managing Director from 1994. Mr Sardar was also the previous Chairman and Treasurer of the Malaysian Venture Capital Association.

Currently, he sits on the board of directors of several other companies: Maybank Islamic Berhad, Chuan Huat Resources Bhd and DTA Growth Fund Sdn. Bhd.. He is currently Advisors to Socar from South Korea, Ridebeam (e-scooter) from Singapore and Rage Coffee from KL.

Mr Sardar holds a BA (Economics) degree from Knox College, USA and a MBA from the American Graduate School of International Management, Arizona, USA.

MR YAP KIAN PENG
Independent Director

Mr Yap Kian Peng was appointed as an Independent Director of the Company on 26 April 2013. He is also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

He is presently an Executive Deputy Chairman and Chief Executive Officer of Jackspeed Corporation Limited which is listed on the SGX-ST.

He was the Executive Director of CKG Chemicals Pte Ltd from 2004 to 2010. From 2001 to 2004, he was employed by Maybank, initially as a Senior Business Development Manager and subsequently as the Team Head of the Trade Finance Business Development Group. From 1998 to 2000, Mr Yap was a Director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading glass sheets. He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an Assistant Manager at the bank.

Mr Yap graduated from RMIT University, Australia, with a Bachelor’s degree in Business (Business Administration).

He is an independent director and the Chairman of the Audit Committee of Seroja Investment Ltd., listed on the SGX-ST. He is also an independent director of Soon Lian Holdings Limited listed on the SGX-Catalist.

Corporate Governance Report

M Development Ltd. (the "Company") is committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 (the "*Code*"). The Company firmly believes that practising high standards of corporate governance will enhance the effectiveness of the Group, protect the interests of all stakeholders and is key to the growth and continuing success of the Group.

This corporate governance report outlines the corporate governance processes and structures of the Group that were in place throughout the financial year ended 31 December 2018 ("FY2018") with specific reference made to the principles and guidelines of the Code, which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

A. BOARD MATTERS

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 success of the company. The board works with the management to achieve this and the management remains accountable to the board.

The Board of Directors (the "Board") is responsible for the long-term success of the Company and works closely with Management to achieve this objective. As such, the role of the Board includes:

(a) providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the assets of the Company;

(c) reviewing Management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and

(f) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Currently, the Board comprises two Executive Directors, one Non-Executive Non-Independent Director and two Independent Directors. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, various Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), have been constituted. The Board Committees function within clearly defined boundaries and limits of authority as set out in their respective terms of reference, which are reviewed on a regular basis by the Board. To assist the Board in overseeing the activities of the Board Committees, the minutes of the various Board Committee meetings are circulated to the Board.

The Board meets at least twice in each financial year and as and when deemed appropriate by the Board. The Constitution of the Company permits Board meetings to be held via audio or video conferencing and other similar means of communication.

Corporate Governance Report

The Board met four times in FY2018. The details of the attendance of each Director in Board and Board Committee meetings are as follows:

	Board Meetings		AC Meetings		RC Meetings		NC Meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Huang Wen-Lai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Ms Li Liping	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr Chin Yew Choong David	4	4	2	2	1	1	1	1
Mr Yap Kian Peng	4	4	2	2	1	1	1	1
Mr Dali Kumar Bin Sardar	4	4	2	2	1	1	1	1

The Board has adopted internal policies and procedures, which set out defined limits of authority in relation to capital expenditure, bank facilities, cheque signatories and material transactions. Material transactions exceeding the defined limits require prior approval from the Board. Examples of such material transactions include mergers, acquisitions, divestments and the entry into joint ventures.

In addition, Board approval is also required for other specific matters, for example, transactions involving conflict of interests between the Company and any substantial shareholder or Director, major financial and investments prospects, material acquisition and disposal of assets, corporate and financial restructuring, share issuances, distribution of dividends and other returns to shareholders and other matters requiring Board approval under the Company's interested person transaction policy.

Newly appointed Directors are issued with a formal letter of appointment setting out his statutory duties and other duties and obligations. All newly appointed Directors receive an extensive, comprehensive and tailored induction on joining the Board. The induction includes, but is not limited to, a briefing on a Director's duties, obligations and responsibilities and how to effectively and objectively discharge these duties in good faith and a comprehensive orientation program to ensure familiarity with the Group's business, operations, financial and related matters and governance practices. Newly appointed Directors are provided with information and updates on the Group's corporate governance practices and are invited to visit the operational facilities of the Company so as to enable them to obtain a better perspective of the business activities and operational matters of the Company. The newly appointed Directors are also introduced to Management. In addition, training in areas such as accounting, legal and industry-specific knowledge is made available to newly appointed Directors.

The Company recognises that it is important for all Directors to receive regular training so as to enable them to effectively discharge their duties. As such, the Board as a whole is updated regularly on changes to the risk management and corporate governance policies of the Company, commercial risks, insider trading restrictions, financial reporting standards and other relevant regulatory requirements. Relevant news releases issued by SGX-ST are also circulated to the Board for their consideration.

Directors are informed and encouraged to attend appropriate courses, industry conferences and seminars conducted by the Singapore Institute of Directors, SGX-ST and other business and consultants, at the expense of the Company. As Directors are privy to price sensitive information, they are issued with a copy of the Company's Code of Best Practices on Securities Dealings.

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.

The Board comprises the following Directors:

Executive Directors
Mr Huang Wen-Lai (Chairman)
Ms Li Liping

Non-Executive Non-Independent Director
Mr Chin Yew Choong David

Independent Directors
Mr Yap Kian Peng
Mr Dali Kumar Bin Sardar

The profiles of each Directors are set out on pages 5 and 6 of this Annual Report.

The Board, taking into account the views of the NC, reviews the independence of each Director annually. In conducting this review, the Board and the NC adopts the definition of an independent director in the Code and considers whether there are relationships or circumstances that affect a Director's judgment. Each Independent Director is required to confirm his independence by signing a Director's Independence Checklist, which is based on the substantive requirements of the Code. The NC will then vigorously review the Director's Independence Checklist in order to satisfy itself that the substantive principles of the Code are indeed fulfilled.

For FY2018, the NC has assessed the independence of each Director and considers that each of Mr Chin Yew Choong David, Mr Yap Kian Peng and Mr Dali Kumar Bin Sardar is, and continues to be, independent except for Mr Chin Yew Choong David who is Non-Executive Non-Independent Director. Each member of the NC had abstained from the deliberations in respect of the assessment on his own independence. The Board concurs with the views of the NC.

The Independent Directors have confirmed that they do not have any relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment. Further, for FY2018, there are no Independent Directors who have served on the Board for a period exceeding nine years, except for Mr Dali Kumar Bin Sardar who has been re-designated as a Non-Executive Independent Director with effect from 15 January 2014.

The Board has rigorously reviewed the independence of Mr Sardar, who has served as an Independent Director of the Company from 15 January 2014 to present. The Board is of the view that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The Board has determined that Mr Sardar is independent as he has continued to demonstrate independence in character and judgement in the discharge of his responsibilities as an Independent Director and that there are no relationships or circumstances which affect or are likely to affect his judgement and ability to discharge his responsibilities as an Independent Director.

As Independent Directors comprise more than one-third of the Board, there is a strong independent element on the Board which ensures a good balance of power and authority. The Board is of the view that all the Independent Directors have demonstrated a high commitment to their roles as Independent Directors and have exercised their objective judgment in the affairs of the Group.

The NC reviews the size and composition of the Board on an annual basis. In concurrence with the NC, the Board is of the view that the current size of the Board is appropriate for the nature of the business of the Company and the scope of its operations. Further, as the Directors collectively bring with them an abundant pool of resources and expertise in fields such as accounting, finance, management experience, industry knowledge, customer-based knowledge and familiarity with applicable regulatory requirements, the Board is of the view that it has the appropriate balance and diversity of expertise, experience and knowledge of the Company, which allows for the useful exchange of ideas and views during Board meetings. Collectively, the Board is able to provide the necessary core competencies required to function effectively and to make informed decisions.

The role of Independent Directors is to ensure that the proposals by Management are fully discussed, examined and constructively challenged. The Non-Executive Directors do so by exercising their independent judgment and by providing an alternative perspective to the Group's business. In addition, the Independent Directors evaluate the performance of Management by determining whether Management has met specific goals and objectives, which are pre-determined by the Board.

In order to constitute a more effective check on Management, the Independent Directors are encouraged to meet at least annually, without the presence of Management, to discuss matters such as the financial performance and corporate governance initiatives of the Group.

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board collectively possess sufficient background, experience, knowledge in the business and necessary financial and management skills which are critical to the Group's business. The Board has also ensured that each Director brings an independent and objective perspective to enable the Board to make sound, balanced and well-considered decisions.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The primary function of the Executive Chairman, Mr Huang Wen-Lai, is to manage the business of the Board and the Board Committees, and to promote harmonious relations with the shareholders of the Company. With regard to the Board proceedings, the role of the Executive Chairman includes:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) ensuring that the conduct of Board activities do not unnecessarily interfere with the operations and business of the Company;

(c) setting guidelines on and ensuring that the communication among the Board, Management and shareholders are timely, accurate, comprehensive and adequate;

(d) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(e) promoting a culture of openness and debate at the Board;

(f) ensuring that all Directors receive complete, adequate and timely information;

(g) encouraging constructive relations within the Board and between the Board and Management;

(h) facilitating the effective contribution of Independent Directors; and

(i) promoting high standards of corporate governance.

The Executive Chairman and the Executive Director assume full executive responsibilities over the business directions and operational decisions of the Group in accordance with the pre-determined goals, strategies and objectives of the Group.

As all major decisions made by the Executive Chairman and/or the Executive Director are reviewed by the AC, NC and RC, which are chaired by Independent Directors, the Board is of the view that there are adequate safeguards, transparency and the appropriate balance of power on the Board for independent decision making.

PRINCIPLE 4: BOARD MEMBERSHIP

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

Nominating Committee

The NC comprises the following members:

Mr Dali Kumar Bin Sardar (Chairman of the NC)
Mr Yap Kian Peng
Mr Chin Yew Choong David

The NC is regulated by a set of written terms of reference describing the duties and responsibilities of the NC. The role of the NC includes, but is not limited to:

(a) reviewing the succession plans for the Directors;

(b) developing processes for evaluating the performance of the Board, its Board Committees and Directors and proposing objective performance criteria to carry out such evaluation;

(c) evaluating the performance of each Director to determine if he has adequately fulfilled his duties as a Director, in particular where a Director has multiple board representations;

(d) reviewing the training and professional development programs for the Board;

(e) establishing procedures and reviewing such procedures for the appointment and re-election of Directors;

(f) making recommendations to the Board on all Board appointments and re-elections;

(g) ensuring that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years; and

(h) determining annually, and as and when the circumstance require, whether a Director is independent pursuant to guidelines as set out in the Code by considering whether there are any relationships or circumstances which are likely to affect, or could appear to affect, a Director's judgment.

The NC meets at least once in each financial year.

Corporate Governance Report

While the Code recommends stipulating a maximum number of listed company board representations for directors, the NC is of the view that in assessing the performance of the Directors in carrying out their duties and whether they are able to devote sufficient time in discharging the same, the contributions of the Directors to the Board and relevant Board Committees as well as their attendance at meetings of the Board and such committees should be taken into account. The NC is of the view that determining the capacity of the Directors should not be restricted only to a consideration of the number of listed company board representations of each Director. Rather, factors such as whether the Director is able to devote sufficient time and attention to the affairs of the Company will also be taken into consideration. As such, the Board has not prescribed a maximum number of listed company board representations for the Directors. The NC has evaluated the time the Directors are able to devote to the Company in light of their other commitments, and is of the view that each Director has been able to carry out his duties adequately.

As recommended by Guideline 4.5 of the Code, the Board does not encourage the appointment of alternate directors and no alternate director has been appointed to the Board.

All new appointments and re-appointments of directors are first reviewed and considered by the NC and then recommended for approval by the Board. The NC has formalized this process and has adopted procedures for the selection, appointment and re-appointment of Directors, in order to increase transparency of the nominating process. The NC oversees this process by identifying potential candidates and by evaluating the skills, knowledge, experience and the suitability of potential candidates before recommending nominations to the Board. In addition, the NC evaluates the balance of skills and competencies already present on the Board and determines, in consultation with the Executive Chairman and Management, the desired skill sets and qualities of potential candidates. The NC meets with the shortlisted potential candidates before nominating the most suitable candidate to the Board for appointment as Director.

The Company believes that the renewal of the Board should be an on-going process so as to ensure good governance and to maintain its relevance in a rapidly changing business environment. The Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Directors who retire are eligible to offer themselves for re-election. By virtue of Article 107 of the Company's Constitution, one-third of the Directors are to retire from office by rotation at each AGM. In addition, the Article 117 of the Company's Constitution provides that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment.

Each member of the NC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of his own re-nomination as a Director.

In accordance with the Constitution of the Company, Ms Li Liping and Mr Dali Kumar Bin Sardar will be retiring at the forthcoming AGM. The Board has accepted the recommendation of the NC to re-nominate Ms Li Liping and Mr Dali Kumar Bin Sardar as Directors. Each of Ms Li and Mr Sardar has given her/his consent to submit herself/himself for re-election as Directors of the Company.

The table below provides information pertaining to the date of appointment and date of last re-election of each Director:

Director	Date of first appointment	Date of last re-election
Mr Huang Wen-Lai	15 January 2011	27 April 2018
Ms Li Liping	1 February 2016	22 April 2016
Mr Chin Yew Choong David	2 October 2009	27 April 2018
Mr Yap Kian Peng	26 April 2013	21 April 2017
Mr Dali Kumar Bin Sardar	29 August 2003	21 April 2017

PRINCIPLE 5: BOARD PERFORMANCE

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

The NC has adopted an evaluation questionnaire to annually assess the performance and effectiveness of the Board as a whole. The evaluation questionnaire focuses on a set of performance criteria, which includes the size and composition of the Board, the Board's access to information pertaining to the Company, the efficiency and effectiveness of Board processes and the standards of conduct of Directors. All Directors are required to complete the evaluation questionnaire. The findings of the evaluation questionnaire are collated and presented to the NC for discussion to determine measures that may be taken to enhance the effectiveness of the Board. The NC will then present the findings of the evaluation questionnaire and make its recommendation to the Board. No individual or group of individuals dominate the Board's decision-making.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The NC has assessed the performance of the Board and confirms that all Directors have contributed effectively and have demonstrated full commitment to their roles in FY2018. No external facilitator had been engaged for the purpose of this evaluation.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, board members 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.

Directors receive a regular supply of detailed information from Management concerning the Group so that they are fully cognizant of the decisions and actions of Management. The Board has full access to the Group's records and information and is informed of all material events and transactions as and when they occur. This equips the Directors with all necessary information required for their participation in Board meetings. In addition, the Directors are issued with Board Papers prior to Board meetings which contain information from Management on financial, business and corporate issues so as to ensure that the Directors are properly briefed on issues to be considered at Board meetings. However, sensitive or confidential matters that are tabled at Board meetings may be omitted from the Board papers if necessary.

At all times, Directors have separate and independent access to the Management of the Company, the management of the subsidiaries of the Company, the internal and external auditors of the Company and the Company Secretary on all matters.

Management regularly provides the Board with sufficient background information and explanations on issues requiring the Board's deliberations and deals promptly with any requests for additional information. When deemed necessary by Directors, Management may be invited to attend Board or Board Committee meetings to respond to any queries from the Directors and to provide their input and insight on matters.

The Company Secretary, or, when unavailable, an authorized designate, attends all Board and Board Committee meetings and prepares the minutes for such meetings. The Company Secretary also assists the Executive Chairman in ensuring that Board procedures, the Company's Constitution and other applicable rules and regulations are complied with. The Company Secretary further assists in the preparation of the meeting agenda for Board and Board Committees meeting. The appointment and removal of the Company Secretary is a matter reserved for the Board.

In order to fulfil his duties and responsibilities as a Director, each Director may seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings, at the expense of the Company.

B. REMUNERATION MATTERS

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.

Remuneration Committee

The RC comprises the following members:

Mr Dali Kumar Bin Sardar (Chairman of the RC)
Mr Yap Kian Peng
Mr Chin Yew Choong David

The RC holds at least one meeting in each financial year and as and when deemed necessary by the RC.

The key functions of the RC under its terms of reference include:

(a) reviewing and recommending to the Board a general framework for the remuneration of the Directors and key management personnel and determining specific remuneration packages for each Executive Director;

(b) reviewing the terms and conditions of the service contract of each Executive Director and key management personnel, in particular reviewing clauses allowing the early termination of the relevant service contracts and the corresponding compensation; and

(c) determining whether any Director is eligible for any benefits under any share option schemes or performance share plans as may be implemented.

The recommendations of the RC pertaining to the specific remuneration package of each Director and key management personnel is submitted for endorsement by the Board. These recommendations cover all aspects of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, options, awards, share based incentives and benefits in kind.

In order to ensure a transparent procedure and that each RC member exercises his independent judgment when making recommendations, the members of the RC are not allowed to participate in any decision concerning their own remuneration. No Director is involved in determining his own remuneration.

The RC also has full authority to engage and access independent and professional advice on remuneration matters, at the expense of the Company, if required.

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 provide remuneration packages that are aligned with the long-term interests and risk policies of the Group and appropriate to attract, retain and motivate Directors and key management personnel to manage the Group successfully. In setting remuneration packages, the RC takes into account salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the relevant individual.

The RC conducts an annual review of and makes recommendations on the specific remuneration packages and/or terms of employment of each Director, key management personnel and employee who is related to any Director, key management personnel or controlling shareholder of the Company. This ensures that each of such remuneration packages is commensurate with their respective performance after giving due consideration to the financial and commercial health and business needs of the Group. The RC and Board periodically review the performance of each Director, key management personnel and employee who is related to any Director, key management personnel or controlling shareholder of the Company.

The remuneration of each Executive Director and key management personnel comprises a basic salary component and a variable component. The variable component is based on the performance of the Group and the performance of the relevant individual. Executive Directors do not receive directors' fees.

The Independent Directors and Non-Executive Director do not have service contracts with the Company but are paid directors' fees. The directors' fees comprise a basic fee, fees in respect of service on Board Committees and attendance fees. The directors' fees, which are determined by the Board, are appropriate to the level of contribution by each Independent Director and Non-Executive Director, taking into account factors such as the responsibilities, effort and time spent for serving the Board and Board Committees.

The directors' fees paid to the Independent Directors and Non-Executive Director each year are subject to the shareholders' approval at the forthcoming AGM. The RC has recommended to the Board a total amount of up to S$112,500 as directors' fees for the financial year ending 31 December 2019 and that payment shall be made quarterly in arrears. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. No Director was involved in deciding his own remuneration.

The Company has not adopted any incentive schemes for the Directors, key management personnel and employees of the Company.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

The remuneration of each Director for FY2018 is disclosed as follows:

Name of Directors	Salary	Variable or Performance-Related Income, Bonus, Benefits in Kind	Directors' Fee
Remuneration band: Below S$250,000			
Mr Huang Wen-Lai	100%	-	-
Ms Li Liping	100%	-	-
Mr Chin Yew Choong David	-	-	100%
Mr Yap Kian Peng	-	-	100%
Mr Dali Kumar Bin Sardar	-	-	100%

For FY2018, the Company did not have any key management personnel (who are not directors or the CEO).

The Company has not disclosed the aggregate remuneration of each Director due to the confidentiality and commercial sensitivity attached to remuneration matters, as well as the competition for talent in the job market in relation to the skillsets of these personnel in the industry.

For FY2018, the following employees of the Group are immediate family member of a Director or the CEO, and whose respective remuneration exceeds S$50,000.

Remuneration Band	Salary & Bonus
S$50,000 to S$100,000 Mr Huang Tzu Yen[1]	100%
Notes: (1) Mr Huang Tzu Yen is the son of Mr Huang Wen-Lai, the Executive Chairman of the Company.	

Save for Mr Huang Tzu Yen, there is no other employee of the Company who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 for FY2018.

The RC annually reviews the remuneration package of each employee who is an immediate family member of a Director. This ensures that such remuneration packages are in line with the Group's employee remuneration guidelines and commensurate with his/her job scope and responsibilities. In the event that a member of the RC is related to the employee in question, that member of the RC will abstain from the relevant deliberation and decision.

The Executive Chairman, Mr Huang Wen-Lai, and the Executive Director, Ms Li Liping, each has a service contract with the Company which sets out the terms and conditions of his/her appointment and his/her remuneration. The service contract have been renewed for a further five years on the same terms and conditions, unless terminated prior to the expiry date of the service contract by either party giving two month's written notice or payment in lieu of notice.

The Independent Directors and Non-Executive Director do not have any service contracts with the Company. They are paid directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the responsibilities, efforts and time spent for serving the Board and Board Committees. Other than directors' fees, Independent Directors and Non-Executive Director do not receive any other remuneration from the Company.

The Company has not adopted any incentive schemes for the Directors, key management personnel and employees of the Company.

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

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

The Board is accountable to shareholders for the management of the Group. In order to fulfil its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects, the Board updates the shareholders on the operations and financial position of the Group through half-yearly and full-year results announcements in addition to timely announcements of other matters as prescribed by the relevant rules and regulations. The Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements of the SGX-ST Listing Manual, by establishing written policies where appropriate.

To ensure that the Board fulfils its responsibilities, Management is accountable to the Board by providing the Board with the necessary updates in relation to the Group's performance. Management provides the Board with information which it may require from time to time, in the discharge of its duties, to effectively monitor and make a balanced and informed assessment of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and 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 recognises the importance of sound internal controls and risk management practices and affirms its responsibility for the systems of internal controls and risk management of the Group. In this regard, the role of the Board includes:

(a) ensuring that Management maintains a sound systems of risk management to safeguard shareholders' interests and the Group's assets;

(b) determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;

(c) determining the levels of risk tolerance and risk policies of the Company;

(d) overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and

(e) reviewing the adequacy and effectiveness of the risk management and internal control systems annually.

The Board, assisted by the AC, conducts an annual review of the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems). Management assists the Board in this regard by reviewing the Group's business and operational activities on a regular basis so as to identify areas of significant business risks and appropriate measures to control and mitigate these risks. Currently, the Board has not established a separate risk management committee and is not assisted by an external advisor for this purpose. The Board would look into the setting up of a separate risk management committee or otherwise assess appropriate means to assess it in carrying out its responsibility of overseeing the Company's risk management framework and policies.

The annual review of the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) includes, but is not limited to, the review of all internal control policies and procedures, the preparation of a risk management checklist which highlights significant risks and its corresponding mitigation measures to the AC and the Board and the review of the specific management and mitigation actions taken by each business unit in respect of identified risks.

In order to assist the Board in reviewing the adequacy and effectiveness of the Company's internal financial, operational, compliance and information technology controls, the AC conducts periodic reviews and assesses the effectiveness of such key internal controls. The AC meets with the Management, internal auditor and external auditor at least once each financial year to review the internal and external auditors' audit plans. The internal and external auditors will then carry out a review of the effectiveness of key internal controls within the scope of their respective audit plans. Any material non-compliance, weaknesses in internal controls or recommendations from the internal and external auditors is reported to the AC. The AC will ensure that necessary follow-up action is implemented efficiently.

For FY2018, the Board has received assurance from the Executive Chairman and the Financial Controller (by way of representation letters) that:

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

(b) the system of risk management and internal control in place within the Group (including financial, operational, compliance and information technology controls) is adequate and effective in addressing the material risks in the Group in its current business environment.

For FY2018, based on the various established internal controls, the external auditor's reports, the representation letters from the Executive Chairman and the Executive Director and the reports of the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) of the Company are adequate and effective in meeting the needs of the Group, providing reasonable assurance against material financial misstatements or material loss and safeguarding the Group's assets.

Corporate Governance Report

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

PRINCIPLE 12: AUDIT COMMITTEE

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

The AC is regulated by a set of written terms of reference, which sets out its duties and responsibilities. The AC comprises the following members:

Mr Yap Kian Peng (Chairman of the AC)
Mr Dali Kumar Bin Sardar
Mr Chin Yew Choong David

The AC members bring with them in-depth years of invaluable experience and professional expertise in the financial, legal, consultancy and administrative fields from their previous appointments as directors and senior management in other organisations. The Board is of the view that the AC members have sufficient recent and relevant accounting or related financial management expertise to discharge their responsibilities.

The AC holds meetings at least twice in each financial year. In addition, where the AC has informal discussions on matters requiring urgent attention, such discussions will be formally confirmed and approved by the circulation of written resolutions. For FY2018, the AC held two meetings.

As set out in its terms of reference, the role of the AC includes:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the financial performance of the Company;

(b) reviewing any interested person transactions entered into by the Company;

(c) reviewing the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties) and making relevant reports to the Board;

(d) reviewing the effectiveness of the Company's internal audit function;

(e) reviewing the scope and results of the external audit and the independence and objectivity of the external auditor;

(f) reviewing the scope of non-audit services provided by the external auditor of the Company;

(g) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; and

(h) approving the remuneration and terms of engagement of the external auditor.

The AC commissions and reviews the findings of the above internal investigations, if any. Where there is any suspected fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operations or the financial position of the Company, the AC will discuss such matters with the external auditors of the Company. The AC ensures that the appropriate follow-up actions are taken. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to Management and resources, which are necessary to enable the AC to discharge its functions properly. The AC also has full access to, and the cooperation of, Management and has full discretion to invite any Director or executive officer of the Company to attend their meetings.

The AC meets with the external auditor and internal auditor, at least annually, without the presence of Management.

The AC has reviewed and is satisfied with the external auditor's independence and objectivity. For FY2018, the amount of audit fees paid to the external auditor was S$44,000. No further non-audit fees were paid to the external auditor for FY2018.

The AC, with the concurrence of the Board, has recommended the re-appointment of Ernst & Young LLP ("Ernst & Young") as the external auditor at the forthcoming AGM of the Company. The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with, specifically, that the accounts of the Company, all its Singapore incorporated subsidiaries and significant foreign subsidiaries are audited by Ernst & Young.

The Board has established a whistle-blowing policy, endorsed by the AC to allow employees, customers, other stakeholders and any other persons to raise concerns or observations, in confidence, to the Board about possible irregularities or improprieties in financial or other operational matters. If such concerns or observations are raised, the Board ensures that independent investigation and appropriate follow-up action takes place. For FY2018, no reports have been received under the whistle-blowing policy.

For FY2018, the AC has:

(a) held one meeting with Management;

(b) reviewed the annual audit plan, including the nature and scope of the internal and external audits before commencement of these audits;

(c) reviewed and approved the financial statements of the Company for FY2018;

(d) met with the external auditor and internal auditor, without the presence of Management, to obtain feedback on any concerns that warrant the attention of the AC and on the cooperation of Management during the audit process;

(e) reviewed the adequacy of audit arrangements, with particular emphasis on the scope and quality of the audits and the independence and objectivity of the auditors;

(f) reviewed the non-audit services provided by the external auditor to ensure that provision of such services will not affect the independence of the external auditor;

Corporate Governance Report

(g) recommended the re-appointment of Ernst & Young as the external auditor of the Company in the forthcoming AGM; and

(h) reviewed the risk management procedures and mitigation measures taken by Management.

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 Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditors, external auditors and Management, and ensure that the internal auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies. The AC also reviews and approves the hiring, removal and evaluates its outsourced internal auditors.

The objective of the internal audit function is to determine whether the Group's key controls and governance processes are adequate and functioning in the required manner.

The AC periodically reviews the effectiveness of the Company's internal audit function. The AC and the Board are of the opinion that an adequate system of internal controls is in place and following the completion of the liquidation of the loss making operations and having regard to the scope and nature of the Company's current operations.

PRINCIPLE 14: SHAREHOLDER RIGHTS

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

In line with the Continuing Obligations of the Group pursuant to the SGX-ST Listing Manual, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The shareholders are informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Constitution of the Company allow a shareholder to attend and vote in person or to appoint one or two proxies to attend and vote on behalf of that shareholder. The Constitution of the Company do not allow a shareholder to vote in absentia. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

Corporate Governance Report

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.

The Company believes in timely, fair and adequate disclosure of relevant information to the shareholders and investors so that they will be apprised of developments that may have a material impact on the price or value of the Company's securities. The Company does not practice selective disclosure. In this respect, the Board presents a balanced and informed assessment of the Group's performance, position and prospects in its announcements, including half-year and full-year results, all of which are released through SGXNet (www.sgx.com). This is in compliance with the Continuing Obligations of the Company pursuant to the SGX-ST Listing Manual, the Securities and Futures Act and the Companies Act.

The Company also strives to be as descriptive, detailed and forthcoming as possible. The Company has a policy that where there is inadvertent disclosure made to a selected group, the Company will ensure that the information is disclosed publicly to all others as soon as practicable.

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends or not. The Company has not distributed dividends for FY2018 due to volatile market conditions.

PRINCIPLE 16: GREATER SHAREHOLDER PARTICIPATION

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

All shareholders will receive the Annual Report, notice of general meetings and circulars within the time period as prescribed by the relevant regulations. In addition, notices of general meetings are also published in the Business Times and released through SGXNet (www.sgx.com).

At general meetings of shareholders, the shareholders will be given the opportunity to voice their views and direct any questions regarding the affairs of the Company to the Directors or Management. The chairpersons of the Board Committees are present at the AGM of the Company to address any queries from the shareholders. The Company's external auditor is also invited to assist in addressing any queries by shareholders relating to the conduct of the external audit and the preparation and content of its auditors' report. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure. To encourage the participation of the shareholders at general meetings, the Company ensures that the venue for general meetings is at a central location easily accessed by public transportation.

If a shareholder is unable to attend the shareholders' meeting, the Constitution of the Company allow that shareholder to appoint up to two proxies to attend and vote in place of that shareholder. At the moment, the Company's Constitution do not permit a shareholder to vote in absentia or via electronic voting methods such as by mail, email, fax, etc.

The chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders to familiarise them with the detailed procedures involved in voting by way of poll. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be announced after the general meeting via SGXNet (www.sgx.com). Having considered the costs and benefits, the Board has decided not to facilitate voting by way of poll by electronic means at this juncture.

The Company Secretary prepares minutes of all general meetings. The minutes include all questions and comments from the shareholders together with the responses from the Board and/or Management. These minutes are available to shareholders upon their request.

Resolutions to be passed at general meetings are separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

Since August 2015, for greater transparency, the Company has put all resolutions to vote by way of poll for general meetings. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be made on the same day.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has adopted the Code of Best Practices on Securities Dealings, which is an internal code of conduct regulating dealings in the Company's securities for its Directors, officers and staff. Each Director is issued with a copy of the Company's Code of Best Practices on Securities Dealings, as they are privy to price sensitive information.

Directors, officers and staff of the Group are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Group's half-yearly results and one month before the announcement of the Group's full-year results, and ending on the date of the announcement of such results, or when they are in possession of material unpublished price-sensitive information of the Group.

The Directors, officers and staff are also expected to observe insider-trading laws at all times and even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS AND SHAREHOLDERS' MANDATE

The Company has adopted an internal policy in respect of any transaction with interested persons, as defined in Chapter 9 of the SGX-ST Listing Manual, and has set out procedures to review and approve all interested person transactions.

In order to ensure that the Company complies with Chapter 9 of the SGX-ST Listing Manual on interested person transactions, the AC meets semi-annually to review all interested person transactions of the Company. The AC ensures that such interested person transactions are carried out on normal commercial terms or entered into on an arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders. Measures are taken to ensure that the terms and conditions of interested person transactions are not more favourable than those granted to non-related persons under similar circumstances.

For FY2018, the Company did not enter into any interested person transaction and hence, no announcement is required under the rules of the SGX-ST Listing Manual.

Corporate Governance Report

MATERIAL CONTRACTS

Save for the services contracts of the Executive Chairman and the Executive Director of the Company and as disclosed in the financial statements for FY2018, there were no material contracts (including loans) of the Group involving the interests of any Director or controlling shareholder entered into during FY2018.

Corporate Information of M Development Ltd.

FULL NAME OF COMPANY	:	M Development Ltd.
COMPANY REGISTRATION NUMBER	:	200201764D
PLACE OF INCORPORATION	:	Singapore
DATE OF INCORPORATION	:	6 March 2002
REGISTERED ADDRESS	:	4 Shenton Way #17-01 SGX Centre 2 Singapore 068807
BOARD OF DIRECTORS	:	Mr Huang Wen-Lai (Executive Chairman and Director) Ms Li Liping (Executive Director) Mr Chin Yew Choong David (Non-executive Non independent Director) Mr Dali Kumar Bin Sardar (Independent Director) Mr Yap Kian Peng (Independent Director)
AUDIT COMMITTEE	:	Mr Yap Kian Peng (Chairman) Mr Chin Yew Choong David Mr Dali Kumar Bin Sardar
REMUNERATION COMMITTEE	:	Mr Dali Kumar Bin Sardar (Chairman) Mr Chin Yew Choong David Mr Yap Kian Peng
NOMINATING COMMITTEE	:	Mr Dali Kumar Bin Sardar (Chairman) Mr Chin Yew Choong David Mr Yap Kian Peng
COMPANY SECRETARY	:	Ms Claudia Teo Kwee Yee
COMPANY AUDITOR	:	ERNST & YOUNG LLP Chartered Accountants One Raffles Quay North Tower Level 18 Singapore 048583 Partner-in-charge: Ms. Teo Li Ling Appointed with effect from financial year ended 31 December 2018
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
PRINCIPAL BANKERS	:	China Citic International Limited (Singapore Branch) 8 Marina View Asia Square Tower #28-02 Singapore 018960 Malayan Banking Berhad 2 Battery Road #16-01 Maybank Tower Singapore 049907 DBS Bank Limited 6 Shenton Way DBS Building Singapore 068809 United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

Directors' Statement

The directors hereby present their statement to the members together with the audited consolidated financial statements of M Development Ltd. (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 2018.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Huang Wen-Lai
Li Liping
Chin Yew Choong David
Dali Kumar Bin Sardar
Yap Kian Peng

Arrangements to enable directors to acquire shares and debentures

The Company was not at any time during the financial year 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' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest	
Name of director	**At the beginning of the financial year**	**At the end of the financial year**
Ordinary shares of the Company		
Huang Wen-Lai	27,269,818	27,269,818
Li Liping	231,000,000	231,000,000

Directors' Statement

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

There was no change in the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company (other than emoluments paid or payable by a related corporation), or of related corporations, either at the beginning or at the end of the financial year.

Options

There is presently no option scheme on unissued shares of the Company.

Audit committee

The audit committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

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

On behalf of the board of directors:

Huang Wen-Lai
Director

Li Liping
Director

Singapore
30 May 2019

Independent Auditor's Report

For the financial year ended 31 December 2018
To the Members of M Development Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of M Development Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income, and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key audit matters

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

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

Independent Auditor's Report

For the financial year ended 31 December 2018
To the Members of M Development Ltd.

Key audit matters (cont'd)

Effects of on-going lawsuit

The Company is involved in lawsuit as disclosed in Note 17(b) to the financial statements. As stated in Note 3.1, management has assessed that no asset or income is to be recognised as at 31 December 2018 as the inflow of cash is contingent to a successful appeal, which management has determined to be uncertain. The assessment process involved significant management judgement and is subject to future developments relating to the appeal. Accordingly, we have identified this as a key audit matter.

Our audit procedures included, amongst others, meetings with management and their legal counsel to understand the recent developments of the legal proceeding and management's assessment of the possible outcome. In evaluating the reasonableness of management's assessment, we read the judgement from the High Court, legal correspondence, board meeting minutes and considered the opinion of the Group's legal counsel.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management and directors for the financial statements

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

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

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

Independent Auditor's Report

For the financial year ended 31 December 2018
To the Members of M Development Ltd.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor’s Report

For the financial year ended 31 December 2018
To the Members of M Development Ltd.

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor’s report is Teo Li Ling.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 May 2019

Consolidated Income Statement

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	4	1,952	388
Cost of sales		(1,967)	(364)
Gross (loss)/profit		(15)	24
Other income		3	5
General and administrative expenses		(1,633)	(1,993)
Loss before tax	5	(1,645)	(1,964)
Income tax credit	6	–	7
Loss for the year		(1,645)	(1,957)
Loss for the year attributable to:			
Owners of the Company		(1,643)	(1,955)
Non-controlling interests		(2)	(2)
		(1,645)	(1,957)
Loss per share attributable to owners of the Company (cents per share):			
Basic and diluted	7	(0.09)	(0.10)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Loss for the year	(1,645)	(1,957)
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	25	(98)
Total comprehensive income for the year	(1,620)	(2,055)
Total comprehensive income attributable to:		
Owners of the Company	(1,618)	(2,053)
Non-controlling interests	(2)	(2)
	(1,620)	(2,055)

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

Balance Sheets

As at 31 December 2018

	Note	Group 31.12.2018	Group 31.12.2017	Group 1.1.2017	Company 31.12.2018	Company 31.12.2017	Company 1.1.2017
		$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets							
Plant and equipment	8	–	–	1	–	–	1
Investments in subsidiaries	9	–	–	–	142	147	159
		–	–	1	142	147	160
Current assets							
Trade receivables	10	116	370	–	–	–	–
Deposits	11	7	382	39	7	382	39
Prepayments		3	7	6	3	7	6
Cash and cash equivalents	12	6,077	6,742	9,781	4,673	5,801	8,381
		6,203	7,501	9,826	4,683	6,190	8,426
Total assets		6,203	7,501	9,827	4,825	6,337	8,586
Current liabilities							
Trade payables		116	–	–	–	–	–
Other payables and accruals	13	1,069	983	1,224	182	94	330
Loan from a director	15(b)	120	–	–	–	–	–
Income tax payable		–	–	30	–	–	30
		1,305	983	1,254	182	94	360
Net current assets		4,898	6,518	8,572	4,501	6,096	8,066
Net assets		4,898	6,518	8,573	4,643	6,243	8,226
Equity attributable to owners of the Company							
Share capital	14	46,226	46,226	46,226	46,226	46,226	46,226
Accumulated losses		(39,790)	(38,147)	(36,192)	(41,583)	(39,983)	(38,000)
Foreign currency translation reserve		46	21	119	–	–	–
		6,482	8,100	10,153	4,643	6,243	8,226
Non-controlling interests		(1,584)	(1,582)	(1,580)	–	–	–
Total equity		4,898	6,518	8,573	4,643	6,243	8,226
Total equity and liabilities		6,203	7,501	9,827	4,825	6,337	8,586

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 2018

	Attributable to owners of the Company					
	Share capital (Note 14)	**Accumulated losses**	**Foreign currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2018						
Balance at 1 January 2018	46,226	(38,147)	21	8,100	(1,582)	6,518
Loss for the year	–	(1,643)	–	(1,643)	(2)	(1,645)
Other comprehensive income, net of tax						
Foreign currency translation reserve	–	–	25	25	–	25
Total comprehensive income for the year	–	(1,643)	25	(1,618)	(2)	(1,620)
Balance at 31 December 2018	46,226	(39,790)	46	6,482	(1,584)	4,898
2017						
Balance at 1 January 2017	46,226	(36,192)	119	10,153	(1,580)	8,573
Loss for the year	–	(1,955)	–	(1,955)	(2)	(1,957)
Other comprehensive income, net of tax						
Foreign currency translation reserve	–	–	(98)	(98)	–	(98)
Total comprehensive income for the year	–	(1,955)	(98)	(2,053)	(2)	(2,055)
Balance at 31 December 2017	46,226	(38,147)	21	8,100	(1,582)	6,518

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 2018

	Share capital (Note 14)	Accumulated losses	Total
	$'000	$'000	$'000
Company			
2018			
Balance at 1 January 2018	46,226	(39,983)	6,243
Loss for the year, representing total comprehensive income for the year	–	(1,600)	(1,600)
Balance at 31 December 2018	46,226	(41,583)	4,643
2017			
Balance at 1 January 2017	46,226	(38,000)	8,226
Loss for the year, representing total comprehensive income for the year	–	(1,983)	(1,983)
Balance at 31 December 2017	46,226	(39,983)	6,243

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 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Loss before tax		(1,645)	(1,964)
Adjustments for:			
Depreciation of plant and equipment	5	–	1
Interest income	4	(10)	(6)
Operating cash flows before changes in working capital		(1,655)	(1,969)
Changes in working capital			
Decrease/(increase) in trade receivables		254	(370)
Decrease/(increase) in deposits		375	(343)
Decrease/(increase) in prepayments		4	(1)
Increase in trade payables		116	–
Increase/(decrease) in other payables and accruals		86	(241)
Cash flows used in operations		(820)	(2,924)
Interest received		10	6
Tax paid		–	(23)
Net cash flows used in operating activities		(810)	(2,941)
Financing activity			
Proceeds from loan from a director	15(b)	120	–
Net cash flows generated from financing activity		120	–
Net decrease in cash and cash equivalents		(690)	(2,941)
Effect of exchange rate changes		25	(98)
Cash and cash equivalents at 1 January		6,742	9,781
Cash and cash equivalents at 31 December	12	6,077	6,742

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 2018

1. Corporate information

M Development Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is investment holding company. The principal activities of its subsidiaries are disclosed in Note 9.

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 (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

There are no adjustments made by the Group on adoption of SFRS(I) and the new standards that are effective on 1 January 2018.

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

2.2 ***First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)***

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

– SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

– SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

– The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

(a) *Classification and measurement*

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

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

2.2 ***First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)***

(a) *Classification and measurement (cont'd)*

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 January 2018.

There are no change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

(b) *Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group has not recognised additional impairment on the Group's trade receivables and deposits.

<u>SFRS(I) 15 Revenue from Contracts with Customers</u>

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

– For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have no impact;

– For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 December 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have no impact.

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**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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

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

(a) *Basis of consolidation*

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

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

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

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

(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 accordance 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.

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

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

2.5 *Transactions with non-controlling interests*

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.

2.7 *Plant and equipment*

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

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

Computers	–	1 year

The carrying amounts of plant and equipment are reviewed for impairment when event or changes in circumstances indicate that the carrying amounts may not be recovered.

Notes to the Financial Statements

For the financial year ended 31 December 2018

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

2.7 ***Plant and equipment (cont'd)***

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

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

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

2.8 ***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 indication exists, or when an annual impairment testing 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 or group of 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 are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.9 ***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, investments in subsidiaries are accounted for at cost less impairment losses.

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

2.10 ***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 instruments.

At initial recognition, the Group measures a financial asset at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Trade receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through 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 had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

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

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

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

2.10 *Financial instruments (cont'd)*

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are 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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

2.12 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.13 ***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 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 the end of each 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.

2.14 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.15 ***Employee benefits***

Defined contribution plans

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.

2.16 ***Leases***

As lessee

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

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

2.17 ***Revenue***

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

The Group trades in various goods. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The Group does not have volume discounts nor return rights.

(b) *Interest income*

Interest income is recognised using the effective interest method over the period of time the deposits are placed with the financial institution.

2.18 ***Taxes***

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

- Where the deferred 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 the 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.

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

2.18 ***Taxes (cont'd)***

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

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

2.20 ***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.

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 has the most significant effect on the amounts recognised in the consolidated financial statements.

Effects of ongoing lawsuit

The Company was successful in its claim against the various defendants in the Lawsuit and was awarded equitable compensation assessed at $1,404,333.95 and cost of $870,261.22 ("Judgement"). On 3 December 2018 and 4 December 2018, some of the defendants namely Mr Sim Poh Ping; Ms Sim Pei Yee; and Ms Sim Pei San; and the Company respectively, filed appeals against the Judgement. The date of the hearing of the appeals by the Court of Appeal is presently fixed to be head in the third quarter of 2019. Subsequent to the financial year end, the defendants have made payment of all the monies awarded under the Judgement to the Company's lawyers who will hold these sums on the Company's behalf until the resolution of the appeals.

Management has assessed that no asset or income is required to be recognised as at 31 December 2018 as the inflow of cash is contingent to a successful appeal, which management has determined to be uncertain. The assessment process involved significant management judgement and is subject to future developments relating to the appeal.

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

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

Management is of opinion that there is no estimation uncertainties that have a significant risk of causing material adjustment to carrying amounts of assets and liabilities within the next financial year.

4. Revenue

	2018 $'000	2017 $'000
Trading sales	1,942	382
Interest income	10	6
	1,952	388
Timing of transfer of goods or services		
At a point in time	1,942	382
Over time	10	6
	1,952	388

5. Loss before tax

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

	Group	
	2018 $'000	2017 $'000
Provision of audit fees	44	43
Employees' benefits expense (Note A)	532	552
Depreciation of plant and equipment	–	1
Professional fees relating to lawsuit (Note B)	811	1,144

Note A: *Employees' benefits expense*

Salaries and bonuses	145	162
Directors' remuneration	212	212
Directors' fees	150	150
Central Provident Fund contributions	24	27
Staff allowance and welfare	1	1
	532	552

Note B: *Professional fees relating to lawsuit*

Lawsuit refers to the on-going lawsuit and appeals as disclosed in Note 17(b) to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2018

6. Income tax credit

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

The major components of income tax credit for the financial years ended 31 December 2018 and 2017 are:

	Group	
	2018	**2017**
	$'000	**$'000**
Consolidated income statement		
Current income tax:		
– Over provision in respect of previous years	–	(7)
Income tax credit recognised in the profit or loss	–	(7)

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

A reconciliation between the tax credit and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Loss before tax	(1,645)	(1,964)
Tax credit at the domestic rates applicable to profits in the countries where the Group operates	(282)	(334)
Adjustments:		
Non-deductible expenses	275	334
Over provision in respect of previous years	–	(7)
Deferred tax assets not recognised	7	–
Income tax credit recognised in the profit or loss	–	(7)

At the end of the reporting period, the Group has unabsorbed tax losses amounting to approximately $7,000 (equivalent to RMB30,000) available for offset against future taxable profits subject to compliance with the relevant sections of the tax legislation and to agreement with the tax authorities of the People's Republic of China. The tax losses will expire in 2022.

7. Loss per share

Basic earnings per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Loss for the year attributable to owners of the Company	(1,643)	(1,955)
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic and diluted loss per share computation	1,921,638	1,921,638
Basic and diluted loss per share (cents)	(0.09)	(0.10)

8. Plant and equipment

	Computers, representing total $'000
Group and Company	
Cost	
At 1 January 2016	9
Additions	1
At 31 December 2016 and 1 January 2017	10
Additions	–
At 31 December 2017, 1 January 2018 and 31 December 2018	10
Accumulated depreciation	
At 1 January 2016	7
Charge for the year	2
At 31 December 2016 and 1 January 2017	9
Charge for the year	1
At 31 December 2017, 1 January 2018 and 31 December 2018	10
Net carrying amount	
At 31 December 2018	–
At 31 December 2017	–
At 1 January 2017	1

9. Investments in subsidiaries

	Company		
	31.12.2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**
Unquoted shares, at cost	1,911	1,911	1,911
Less: Impairment losses	(1,769)	(1,764)	(1,752)
	142	147	159

9. Investments in subsidiaries (cont'd)

Composition of the Group

Details of the subsidiaries at 31 December are as follows:

	Name of company	Country of incorporation	Principal activities	Cost of investment			Percentage of equity held by the Company		
				31.12.18	**31.12.17**	**1.1.17**	**31.12.18**	**31.12.17**	**1.1.17**
				$'000	$'000	$'000	%	%	%
	Held by the Company								
#	M Strategic Investment Ltd.	British Virgin Islands	Investment holding	1	1	1	100	100	100
#	Winsta Holding Pte. Ltd.	Singapore	Investment holding	1,734	1,734	1,734	51	51	51
# (1)	United Force Development (S) Pte. Ltd.	Singapore	Investment holding	76	76	76	76	76	76
*	United Force Trading Pte. Ltd. ("UFT")	Singapore	Trading of electronic products	100	100	100	100	100	100
	Held by UFT								
* (2)	Ally Cypress (Xiamen) Limited	Republic of China	Trading of electronic products	–	–	–	100	–	–
				1,911	1,911	1,911			

* Audited by Ernst & Young LLP, Singapore.

Not material to the group and not required to be audited under the laws of country of incorporation.

(1) During the financial year, the Company had recognised an impairment loss of $5,000 (2017: $12,000).

(2) The subsidiary was incorporated on 22 June 2018 with registered share capital of RMB 1 million that was not paid by the Company during the financial year as this amount is payable only within five years from date of incorporation, according to the Articles of Association. Thus, cost of investment is recognised as $Nil.

9. Investments in subsidiaries (cont'd)

Interest in subsidiary with material non-controlling interest (NCI)

The Group has the following subsidiary that have NCI that are material to the Group.

Name of subsidiary	Principal activity	Proportion of ownership interest held by NCI	(Loss)/profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of the reporting period $'000
31.12.2018				
Winsta Holding Pte. Ltd.	Investment holding	49%	(1)	(1,599)
31.12.2017				
Winsta Holding Pte. Ltd.	Investment holding	49%	(1)	(1,598)
1.1.2017				
Winsta Holding Pte. Ltd.	Investment holding	49%	16	(1,597)

Summarised financial information about subsidiary with material NCI

Summarised financial information before intercompany eliminations of its subsidiary with material non-controlling interests are as follows:

<u>Summarised balance sheet</u>

	31.12.2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Current			
Assets	16	16	23
Liabilities	(1,661)	(1,658)	(1,662)
Net liabilities	(1,645)	(1,642)	(1,639)

<u>Summarised statement of comprehensive income</u>

	2018 $'000	2017 $'000
Revenue	–	–
Loss before tax	(3)	(2)
Loss for the year, representing total comprehensive income for the year	(3)	(2)

9. Investments in subsidiaries (cont'd)

Summarised financial information about subsidiary with material NCI (cont'd)

Cash flow statement

	2018 $'000	2017 $'000
Net cash flows used in operations	–	(2)

10. Trade receivables

	Group			Company		
	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000
Trade receivables	116	370	–	–	–	–

Trade receivables are non-interest bearing and are normally settled on 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition and have been collected subsequent to year end.

Expected credit losses

No allowance for expected credit losses of trade receivables computed based on lifetime ECL was recognised during the financial year.

11. Deposits

	Group			Company		
	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000
Deposits	7	382	39	7	382	39

Deposits of Nil (2017: $370,000; 1.1.2017: Nil) relating to the on-going lawsuit paid to the professional firm in the previous financial year had been utilised during the financial year.

12. Cash and cash equivalents

	Group			Company		
	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000
Cash on hand	12	12	12	–	–	–
Cash at banks *	6,065	6,730	9,769	4,673	5,801	8,381
Cash and cash equivalents	6,077	6,742	9,781	4,673	5,801	8,381

Cash at banks earns interest at floating rates based on daily bank deposit rates.

* Included an amount of $Nil (2017: $45,000; 1.1.2017: Nil) held as margin deposit for the banking facility.

Cash and cash equivalents denominated in foreign currency as at 31 December are as follows:

	Group			Company		
	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000
United States Dollars	213	209	226	209	204	221

13. Other payables and accruals

	Group			Company		
	31.12.2018 $'000	31.12.2017 $'000	1.1.2017 $'000	31.12.2018 $'000	31.1.2017 $'000	1.1.2017 $'000
Other payables	811	811	811	–	–	–
Accruals	258	172	413	182	94	330
	1,069	983	1,224	182	94	330

Other payables pertain to amounts due to former subsidiaries of Winsta Holding Pte Ltd which had been placed under voluntary liquidation. Please refer to note 17(b) for details of the subsidiaries.

14. Share capital

	Group and Company					
	31.12.2018		**31.1.2017**		**1.1.2017**	
	Number of ordinary shares ’000	**$’000**	**Number of ordinary shares ’000**	**$’000**	**Number of ordinary shares ’000**	**$’000**
Issued and fully paid ordinary shares:						
At beginning and end of the year	1,921,638	46,226	1,921,638	46,226	1,921,638	46,226

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.

15. Related party transactions

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

	Group	
	2018	**2017**
	$’000	**$’000**
Salaries and other short-term benefits	202	202
Central Provident Fund contributions	10	10
	212	212
Comprise amounts paid to:		
Directors of the Company	212	212

(b) ***Transactions with related parties***

	Group	
	2018	**2017**
	$’000	**$’000**
Loan from a director	120	–

During the financial year, a loan was provided from a director that is unsecured, interest-free, repayable on demand and is to be settled in cash. As at year end, the loan remained unpaid.

16. Commitments

Operating lease commitments – as lessee

The Group has entered into commercial lease on office. The lease has a remaining lease term of up to two years (2017: one year).

Future minimum rental payable under the non-cancellable operating leases as at 31 December 2018 and 2017 are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	40	69
Later than one year but not later than five years	30	–
	70	69

17. Contingencies

(a) Deed of indemnity executed by the Company against claims by Liberty Insurance Pte Ltd ("Liberty Insurance")

Prior to their liquidation, Katong Hostel Pte Ltd and Evan Hostel Pte Ltd had entered into tenancy agreements with the Government of the Republic of Singapore ("the Government") and were required to furnish 3 months' rental as security deposits. These deposits were given by way of insurance bonds issued by Liberty Insurance. The aggregate insured sum under the Insurance Bonds was approximately $2.1 million.

Counter-Guarantees for the bonds were provided to Liberty Insurance by the directors of the Company and from Ms Sim Pei Yee, Ms Sim Pei San and Mr Sim Poh Ping ("the Sim Family") on a joint and severally basis and in proportion to their respective shareholdings in the companies. The directors of the Company were indemnified by the Company under a Deed of Indemnity. Upon a breach of their obligations by Katong Hostel Pte Ltd and Evan Hostel Pte Ltd under their respective tenancies, the Government called on the insurance bonds resulting in a claim by Liberty Insurance against all the guarantors. A total of $1,063,305 (50% of the insured amount) has been paid by the Company to Liberty Insurance with the remaining 50% to be recovered from the Sim Family. As the guarantees provided to Liberty Insurance were on a joint and several basis, in the event the Sim Family defaults on the payment, the Company will be liable to settle the outstanding balance.

Subsequently the Sim Family negotiated with Liberty Insurance to repay their share by monthly installments and the total outstanding owing to Liberty Insurance as at the end of the financial year is $210,000 (2017: $410,000).

The Company has not been informed or made aware of any default in payment by the Sim Family in relation to the outstanding sums owing. Accordingly, the Company is of the view that it is unlikely a liability will arise from the nonpayment by the Sim Family and accordingly no provision for any liability has been made in these financial statements.

17. Contingencies (cont'd)

(b) On-going lawsuit between the Company, the Sim Family and other third parties (collectively the "Defendants")

On 20 May 2015, the Group commenced legal proceedings against the Defendants in the High Court in Singapore on the basis *inter alia* of a report from an independent internal auditor appointed by the Group (the "Lawsuit"). Subsequently the Group removed the Sim Family from the management of Winsta Holding Pte. Ltd. ("Winsta") and its subsidiaries ("Subsidiaries" and together with Winsta the "Winsta Group") and appointed a professional firm to assist in the management of the Winsta Group. Based on the advice and reports from the appointed professional firm, the Board then decided not to continue with the Winsta Group's business and accordingly placed the Subsidiaries into liquidation pursuant to a creditors' voluntary liquidation on the 3 August 2015 and 4 August 2015. The liquidation process is subject to the outcome of the pending appeals mentioned below.

On 21 August 2015, the Company received a letter from Mr Sim Poh Ping, a shareholder of the Company, alleging that the affairs of the Winsta Group had been conducted in a manner oppressive to and in disregard of his interest as a shareholder of the Company and Winsta, and stating that he intended to commence legal action against the Company and certain of its directors. To-date, the Company and its directors are not aware that any such action has been commenced against it or them in relation to this matter. For the avoidance of doubt, the Company and the Board of Directors categorically deny and refute any such allegation.

On 29 October 2015, the Company obtained from the liquidators of the Subsidiaries all the Subsidiaries' interest in the Lawsuit. The Company was accordingly substituted as a party in the Lawsuit as plaintiff in place of the Subsidiaries.

The Company was successful in its claim against the various defendants in the Lawsuit and was awarded equitable compensation assessed at $1,404,333.95 and costs of $870,261.22 ("Judgement"). On 3 December 2018 and 4 December 2018, some of the defendants namely Mr Sim Poh Ping; Ms Sim Pei Yee; and Ms Sim Pei San; and the Company respectively, filed appeals against the Judgement. The date of the hearing of the appeals by the Court of Appeal is presently fixed to be heard in the third quarter of 2019 as at the date of this report. Subsequent to the financial year end, the defendants have made payment of all the monies awarded under the Judgement to the Company's lawyers who will hold these sums on the Company's behalf until the resolution of the appeals. In the event that any further sums are awarded to the Company by the Court of Appeal pursuant to the appeals, the Company will have the right to demand and claim for these additional sums.

At the date of this report, since the Company has agreed with the above named defendants to place the funds with its lawyers until the Court of Appeal decides on the various appeals, the Board of Directors has decided not to recognise any award at 31 December 2018. The Company has also been advised and believes that no provision of liability is expected from the pending appeals.

18. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

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

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

(a) ***Credit risk***

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

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, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

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

(a) *Credit risk (cont'd)*

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

No provision for lifetime expected credit losses for all trade receivables was recognised during the financial year.

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

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and mitigate the effects of fluctuation in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less					
	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Trade receivables	116	370	–	–	–	–
Deposits	7	382	39	7	382	39
Cash and cash equivalents	6,077	6,742	9,781	4,673	5,801	8,381
Total undiscounted financial assets	6,200	7,494	9,820	4,680	6,183	8,420
Financial liabilities:						
Trade payables	116	–	–	–	–	–
Other payables and accruals	1,071	983	1,224	182	94	330
Loan from a director	120	–	–	–	–	–
Total undiscounted financial liabilities	1,307	983	1,224	182	94	330
Total net undiscounted financial assets	4,893	6,511	8,596	4,498	6,089	8,090

19. Financial instruments by category

The carrying amount of each of the categories of financial instruments as at the end of the reporting period as follows:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets at amortised cost						
Trade receivables	116	370	–	–	–	–
Deposits	7	382	39	7	382	39
Cash and cash equivalents	6,077	6,742	9,781	4,673	5,801	8,381
	6,200	7,494	9,820	4,680	6,183	8,420
Liabilities at amortised cost						
Trade payables	116	–	–	–	–	–
Other payables and accruals	1,071	983	1,224	182	94	330
Loan from a director	120	–	–	–	–	–
	1,307	983	1,224	182	94	330

20. Fair value of financial instruments

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

Trade receivables and deposits, trade payable, other payables and accruals and loan from a director

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

21. 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 2018 and 31 December 2017. The Group is not subject to any externally imposed capital requirement and the capital of the Group comprises all components of shareholders' equity.

22. Segment information

The Group mainly derived its revenue from the business of sales and purchases of iron ore and LED products for the financial year ended 31 December 2018.

In the previous financial year, the Group solely derived its revenue from the business of sales and purchase of leather products.

Geographical information

Revenue information based on the geographical location of customers is as follows:

	External sales	
	2018	**2017**
	$'000	**$'000**
People's Republic of China	1,657	382
Indonesia	285	–
Singapore	10	6
Total	1,952	388

23. Subsequent event

Subsequent to the end of the reporting period, the directors proposed to carry out a capital reduction by way of cash distribution for a total amount of approximately S$4,500,000, subject to approval by shareholders and has not been included as a liability in these financial statements.

24. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 30 May 2019.

Statistics of Shareholdings

As at 23 May 2019

Number of shares in issue	:	1,921,637,787
Class of shares	:	Ordinary
Voting rights	:	One vote per share
Number of treasury shares held	:	Nil
Number of ordinary shares excluding treasury shares	:	1,921,637,787
Percentage of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	32	2.89	431	0.00
100 - 1,000	43	3.89	34,777	0.00
1,001 - 10,000	223	20.16	1,246,506	0.07
10,001 - 1,000,000	694	62.75	190,287,179	9.90
1,000,001 AND ABOVE	114	10.31	1,730,068,894	90.03
TOTAL	**1,106**	**100.00**	**1,921,637,787**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WANG MINGLIANG	420,500,000	21.88
2	LI LIPING	231,000,000	12.02
3	CHONG THIM PHENG	162,500,000	8.46
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	97,382,000	5.07
5	LI YUDA	85,000,124	4.42
6	RHB SECURITIES SINGAPORE PTE. LTD.	79,330,125	4.13
7	LIN CHUNG-MING	57,546,652	2.99
8	CHUA LEONG HAI @CHUA LEANG HAI	35,901,000	1.87
9	TENGKU SINANNAGA @ CHENG MIN SIONG @ ZENG MING XIONG	35,000,000	1.82
10	CHING WILSON TAN	28,791,000	1.50
11	PHILLIP SECURITIES PTE LTD	26,033,584	1.35
12	KGI SECURITIES (SINGAPORE) PTE. LTD.	24,010,000	1.25
13	CHOW BON TONG	23,804,219	1.24
14	KOH CHIN HWA	23,613,600	1.23
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	22,480,900	1.17
16	WONG WENG HONG	19,273,100	1.00
17	HO I-CHIN @ PETER HO	15,500,000	0.81
18	TAN LIM HUI	13,500,000	0.70
19	PHUA HUA SENG	13,000,000	0.68
20	PIAK BOON SENG	12,500,000	0.65
	TOTAL	**1,426,666,304**	**74.24**

Substantial Shareholders

As at 23 May 2019

Name of substantial shareholders	Direct Interest	%	Deemed Interest	%
Chong Thim Pheng Winstedt	162,500,000	8.46	0	0
Li Liping	231,000,000	12.02	0	0
Wang Ming Liang	514,882,000	26.79	0	0

Shareholdings held in the hands of public

Based on the information provided and to the best knowledge of the Directors, approximately 51.31% of the issued ordinary shares of the Company are held in the hands of the public as at 23 May 2019. Therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of M Development Ltd. (the "**Company**") will be held at 1 Raffles Boulevard, Room 307 Suntec City, Singapore 039593 on Friday, 21 June 2019 at 10.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of up to S$112,500 for the financial year ending 31 December 2019 to be paid quarterly in arrears (2018: S$250,000) **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Regulation 107 of the Company's Constitution:-

   3.1 Ms Li Liping **(Resolution 3)**
   3.2 Mr Dali Kumar Bin Sardar **(Resolution 4)**

   *Mr Dali Kumar Bin Sardar will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

4. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered 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 of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:-

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (3) 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 twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

(ii) notwithstanding paragraph (1) above, the aggregate number of shares to be issued pursuant to a pro-rata renounceable rights issue shall not exceed one hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below) provided that the pro-rata renounceable rights shares must be issued no later than 31 December 2019;

(iii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraphs (1) and (2) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of passing of this Resolution, after adjusting for:-

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

(b) new shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(v) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (i)]

(Resolution 6)

Notice of Annual General Meeting

AS SPECIAL RESOLUTION

7. **THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION**

*All capitalised terms in the Resolution 7 below and defined in the Letter to Shareholders of the Company dated 30 May 2019 (“**Letter**”) shall, unless otherwise defined in this Notice of Annual General Meeting bear the respective meanings ascribed thereto in the Letter.*

Resolved that pursuant to Article 60(2) of the Constitution of the Company and Section 78C of the Companies Act:

(a) the issued and paid-up share capital of the Company be reduced by S$4,500,000 from S$46,226,000 (as at the Latest Practicable Date) to S$41,726,000 and that such reduction be effected by returning the sum of S$4,500,000 (“**Cash Distribution**”) from the issued and paid-up share capital of the Company to the Shareholders, being registered holders of the Shares other than the Company, except that where the registered holder is The Central Depository (Pte) Limited, the term “Shareholders” shall mean the Depositors (other than the Company) as defined under the Companies Act on the basis of approximately 0.23 cents for each issued ordinary share in the capital of the Company held by a Shareholder or on his/her behalf as at the Books Closure Date to be determined by the Directors of the Company (“**Capital Reduction**”); and

(b) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Capital Reduction and Cash Distribution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Claudia Teo Kwee Yee
Company Secretary

Singapore, 30 May 2019

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding fifty percent (50%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings), of which up to twenty percent (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company, save that issues of shares pursuant to a pro-rata renounceable rights issue shall not exceed one hundred percent (100%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) provided that the pro-rata renounceable rights shares must be listed and issued no later than 31 December 2019.

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

(ii) The Special Resolution 7 proposed in item 7 above, is to seek the Shareholders' approval for the proposed Capital Reduction and Cash Distribution. Detailed information on the proposed Capital Reduction and Cash Distribution, including the rationale for the same, is set out in the Letter.

Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").

   (b) A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 4 Shenton Way #17-01, SGX Centre 2, Singapore 068807 not less than forty-eight (48) hours before the time appointed for holding the Meeting and any adjournment thereof.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Additional Information on Directors Seeking Re-election

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Li Liping and Mr Dali Kumar Bin Sardar are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 21 June 2019 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MS LI LIPING	**MR DALI KUMAR BIN SARDAR**
Date of Appointment	1 February 2016	29 August 2003
Date of last re-appointment	22 April 2016	27 April 2017
Age	46	59
Country of principal residence	Singapore	Malaysia
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“**NC**”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Li Liping for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Ms Li Liping possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“**NC**”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Dali Kumar Bin Sardar for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Mr Dali Kumar Bin Sardar possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Ms Li Liping responsible for the Group’s business operations and strategic planning.	Non - Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director.	Independent Director, Chairman of the Remuneration and Nominating Committees and member of the Audit Committee.
Professional qualifications	Bachelor Degree, International Finance, Xiamen Master of Business Administration, Xiamen	BA (Economics) degree from Knox College,USA MBA, American Graduate School of International Management, Arizona, USA

Additional Information on Directors Seeking Re-election

	MS LI LIPING	MR DALI KUMAR BIN SARDAR
Working experience and occupation(s) during the past 10 years	Executive Director of M Development Ltd Deputy General Manager, Xiamen Shenshou Science and Technology Co., Ltd Credit Manager of Credit Department of China Construction Bank Xiamen Branch	Independent Director of M Development Ltd CEO of DTA Capital Partners Sdn Bhd Independent Director of Maybank Islamic Berhad SE Asia Advisor to Uber Advisor to Thelorry.com Advisor to Ridebeam, Singapore Advisor to Rage Coffee, KL
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 231,000,000	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	No
Conflict of Interest (including any competing business)	Nil	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	Nil	Independent Director of Maybank Private Equity Sdn Bhd
Present	M Development Ltd : Executive Director	Independent Director of Maybank Islamic Bhd Independent Director of Chuan Huat Resources Bhd Director of DTA Capital Partners Sdn Bhd

Additional Information on Directors Seeking Re-election

	MS LI LIPING	MR DALI KUMAR BIN SARDAR
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

Additional Information on Directors Seeking Re-election

	MS LI LIPING	MR DALI KUMAR BIN SARDAR
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	Independent director of Radiance Electronics Ltd, Singapore

M DEVELOPMENT LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200201764D)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in M Development Ltd, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member / members of **M DEVELOPMENT LTD.** (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 1 Raffles Boulevard, Room 307 Suntec City, Singapore 039593 on Friday, 21 June 2019 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**No. of Votes For**	**No. of Votes Against**
1	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2018		
2	Approval of Directors' fees of up to S$112,500 for the financial year ending 31 December 2019 to be paid quarterly in arrears		
3	Re-election of Ms Li Liping as Director		
4	Re-election of Mr Dali Kumar Bin Sardar as Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors and authorise Directors to fix their remuneration		
6	Authority to issue shares		
	Special Resolution		
7	The proposed capital reduction and cash distribution		

Dated this _____ day of _______________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

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 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the 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. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Shenton Way #17-01, SGX Centre 2, Singapore 068807 not less than 48 hours before the time appointed for the Meeting.
7. 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.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. Investors who have used their CPF/SRS monies ("CPF/SRS Investors") to buy shares in the Company may attend and cast their vote at the AGM in person. CPF/SRS Investors who are unable to attend the AGM but would like to vote, may inform CPF Approved Nominees and/or SRS Operators to appoint Chairman of the AGM to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the AGM.

General:

1. 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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
2. Personal Data Privacy

   By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 May 2019.

Development Limited

M DEVELOPMENT LIMITED

4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807
Tel: 65 65350550 | Fax: 65 65380877

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& Produced by
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