Development Limited

M Development Ltd

ANNUAL REPORT 2010

CONTENTS

COMPANY INFORMATION

FULL NAME OF COMPANY	:	M DEVELOPMENT LTD.
COMPANY REGISTRATION NUMBER	:	200201764D
PLACE OF INCORPORATION	:	Singapore
DATE OF INCORPORATION	:	6 March 2002
REGISTRATION OFFICE ADDRESS	:	4 Shenton Way #17-01 SGX Centre 2 Singapore 068807
BOARD OF DIRECTORS	:	Mr. Tan Geok Hon (Non-Independent and Non-Executive Chairman) Ms. Sim Pei Yee (Executive Director) Mr. Huang Wen-Lai (Executive Director) Mr. Dali Kumar Bin Sardar (Non-Executive Director) Mr. Tan Ser Ko (Independent Director) Mr. Chin Yew Choong David (Independent Director)
AUDIT COMMITTEE	:	Mr. Tan Ser Ko (Chairman) Mr. Chin Yew Choong David Mr. Tan Geok Hon
REMUNERATION COMMITTEE	:	Mr. Chin Yew Choong David (Chairman) Mr. Tan Ser Ko Mr. Tan Geok Hon
NOMINATING COMMITTEE	:	Mr. Chin Yew Choong David (Chairman) Mr. Tan Ser Ko Mr. Dali Kumar Bin Sardar
COMPANY SECRETARIES	:	Ms. Teo Kwee Yee Ms. Koh Ngin Joo
COMPANY AUDITORS	:	PKF-CAP LLP Certified Public Accountants 146 Robinson Road #08-01 Singapore 068909 Partner-in-charge: Mr. Lee Eng Kian Appointed with effect from financial year ended 31 December 2007
SHARE REGISTRARS	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
PRINCIPAL BANKERS	:	Malayan Banking Berhad 2 Battery Road #16-01 Maybank Tower Singapore 049907 DBS Bank Limited 6 Shenton Way DBS Building Singapore 068809

PROFILE OF DIRECTORS

TAN GEOK HON
Non-Independent and Non-Executive Chairman

Mr. Tan was appointed as Non-Independent and Non-Executive Chairman of the Company on 22 October 2009. Mr. Tan is also a member of the Audit and Remuneration Committees.

Mr. Tan has over 30 years of working experience in the fields of sales/marketing of spring mattresses, sofa manufacturing as well as a property developer.

From 1986 to 1992, Mr. Tan worked as a Marketing Director in SweetDream Marketing Sdn Bhd. He conducted sales throughout Malaysia on spring mattresses, managed company advertising strategies, conducted evaluation and was involved with cost calculations in terms of products, operations and resources.

From 1993 to 1996 he was an Executive Director of Girimas Sdn Bhd, a property development company focusing on factories construction. Since 1997, the property development business has been transferred to Giant Voice Sdn Bhd where Mr. Tan is currently a Director.

Girimas transformed its business in 1998 into sofa manufacturing with Mr. Tan as the CEO/Director. The company currently holds and sells under three different sofa brand namely: Monaza, Mossco and MR sofa.

SIM PEI YEE
Executive Director

Ms. Sim was appointed as the Executive Director of the Company on 1 September 2010, after the completion of the acquisition of 51% of the issued share capital of Winsta Holding Pte Ltd by the Company on 23rd August 2010. Ms. Sim was appointed to oversee the new operations of the Company. Ms. Sim is the daughter of the substantial shareholder, Mr. Sim Poh Ping.

Ms. Sim has over 9 years of working experience in the field of Finance and Operations for Winsta Holding Pte Ltd related industry.

From 2002 to 2008, Ms. Sim was working in Hartawan Holding Limited from an Accounts Executive to Senior Operations Manager, where she was involved in the daily operations, which oversee project evaluations. new project management and property leasing matters.

From July 2008, Ms. Sim joined Katong Hostel as a Finance Manager and subsequently became a Director of WInsta Holding Pte Ltd in 2009.

Ms. Sim holds a Bachelor of Commerce (Accounting and Finance) from the University of Queensland, Australia.

HUANG WEN-LAI
Executive Director

Mr. Huang was appointed as an Executive Director of the Company on 15 January 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 the Board Chairman of 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, from Ming Hsin Institute of Technology and Commerce.

PROFILE OF DIRECTORS

TAN SER KO
Independent Director

Mr. Tan was appointed as Independent Director of the Company on 2 October 2009. Mr. Tan is currently the Chairman of the Audit Committee and Special Committee and a member of the Nominating and Remuneration Committees.

Mr. Tan Ser Ko is also the Executive Director of Contel Corporation Limited, a public company listed on the mainboard of the Stock Exchange of Singapore. He is also a Director of Centennial Capital Pte Ltd, a consulting firm based in Singapore. He has more than ten years of experience in banking and finance. After serving his scholarship bond with the Singapore Armed Forces, he started his banking career with the Standard Chartered Bank and later joined OCBC Bank and United Overseas Bank.

Mr. Tan holds a Bachelor of Engineering Degree from the National University of Singapore.

DAVID CHIN YEW CHOONG
Independent Director

Mr. Chin was appointed as Independent Director of the Company on 2 October 2009. Mr. Chin is also the Chairman of the Nominating and Remuneration Committees and a member of the Special Committee.

Mr. Chin is a Director in the Corporate and Finance Department and was the Director in charge of Drew & Napier's Shanghai Office from 2003 to 2008. He joined Drew & Napier in 1985 and became a partner in 1992. He became a director since Drew & Napier LLC corporatized on 1 May 2001. For 8 consecutive years, Mr. Chin has been named by Asia Pacific Legal 500, an international legal publication, as a leading Real Estate lawyer.

He graduated with an honours degree in law from the National University of Singapore and was called to the Bar in 1985.

DALI KUMAR BIN SARDAR
Non-Executive Director

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

Mr. Sardar is currently a member of the Nominating and Special Committees.

With a background in banking and finance, he brings to the board over 27 years of valuable experience having spent 14 years in Citibank. 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: Chuan Huat Resources Bhd, DTA Ventures Management Sdn Bhd, DTA Ventures II Sdn. Bhd., DTA Growth Fund Sdn. Bhd, XCT Sdn Bhd, MAVCAP ICT Sdn Bhd and Radiance Group Limited.

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

The Board of Directors of M Development Ltd ("the Company") is pleased to present to shareholders its FY2010 Annual Report.

CORPORATE EXERCISES

In financial year 2010 ("FY2010"), we have completed a number of corporate exercises in the month of August 2010:-

a) Name Change

We have changed the name of the Company from "NTI International Limited" to "M Development Ltd" with effect from 25 June 2010. With the acquisition of Winsta Holdings Pte Ltd ("Winsta") & the disposal of New Eagle (HK) Limited ("NEL") by the Company, the Board is of the view that a change in name will provide a different identity.

b) Rights Issue

We have completed our rights cum warrants issue exercise on 3 August 2010 and raised a net proceeds of approximately S$1.7 million of which S$510,000 has been used to pay for the acquisition of Winsta and the remainder of the proceeds for use as working capital of the Company.

c) Acquisition of Winsta Holdings Pte Ltd

We have completed our acquisition of 51% of Winsta on 23 August 2010. Winsta and its subsidiaries are involved in the management of student hostels and service apartment business. Currently, Winsta and its subsidiaries operate five hostels and service apartments in Singapore. These properties are being leased from the Singapore Land Authority, Housing Development Board and Private Developers. The leased properties were refurbished into student hotels or service apartments.

We believe that the new business acquired by the Company is resilient and has opportunities for future expansion. Since completion of the acquisition, Winsta and its subsidiaries have contributed a revenue of S$6.1 million, with a gross profit of S$3.3 million to the Company.

Upon compretion of the acquisition of Winsta, we have appointed Ms. Sim Pei Yee as an Executive Director of the Company. Pei Yee has been with Winsta since 2008 and has the relevant experience to assist us to oversee the daily operations of Winsta and its subsidaries.

d) Disposal of New Eagle (HK) Limited

We have divested our loss-making subsidiary on 30 August 2010. NEL has been dormant for six months prior to our disposal and we do not wish to commit any further resources and efforts to carry on its trading business. The disposal does not have any material impact on our consolidated net tangible assets and consolidated earnings per share of the Group for FY2010.

LETTER TO SHAREHOLDERS

e) Proposed Note Issue

The Company has entered into a subscription agreement on 5 January 2010 whereby the company proposed to issue to the Subscriber 1.5% unsecured equity-linked redeemable structured notes due 2013 with an aggregate principal amount of up to S$100 million. The subscription agreement was duly approved by shareholders of the Company in an Extraordinary General Meeting conducted on 25 June 2010.

The proceeds from the redeemable structured notes were meant for general working capital and to fund future investments and acquisitions. As at 31 December 2010, no redeemable structured notes have been issued. The management is proactively looking at investment and acquisition opportunities, and the right timing for issue of these notes.

FY2010 PERFORMANCE

With the acquisition of Winsta in FY 2010, we have recorded a revenue of S$6.1 million, and a gross profit of S$3.3 million. However, we suffered a net loss of S$0.6 million, mainly due to the professional fees incurred in the aforesaid corporate exercises and the amortisation of intangible assets.

Our balance sheet has improved with a net current assets of S$2.6 million & net assets of S$5 million as at 31 December 2010.

MANAGEMENT

Besides Pei Yee's appointment, we are pleased to welcome Mr. Huang Wen-Lai who also joined us as an Executive Director on 15 January 2011. Mr Huang is a self-made entrepreneur and has many years of experience in running a number of successful business ventures. We believe Mr. Huang will be able to provide strategic direction to our Company and assist us in our business expansion & new investment opportunities.

We also would like to thank Mr. Dali who has served as our Executive Director from 1 October 2009 till 15 January 2011. Mr. Dali has been re-designated as a Non-Executive Director since 15 January 2011.

The Board is pleased to report that the above corporate exercises have enabled our company to attract capable and experienced management team and is poised for more exciting challenges ahead.

From the Board of Directors

CORPORATE GOVERNANCE

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 2005 (the "***Code***"). The Company firmly believes that a strong foundation of good corporate governance serves to protect the interest of all stakeholders and is key to its growth and continuing success.

This report sets out the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code.

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.

Our Board of Directors (the "***Board***") comprises two Executive Directors, two Non-Executive Directors and two Independent Directors. The Board has the appropriate mix of core competencies and diversity in experience and an appropriate size for effective decision making.

The main function of the Board is to provide stewardship to the Company and its subsidiary (the "Group") and to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's roles are:

(1) Approving the Group's policies, strategies and financial objectives and directions and monitoring the performance of management;

(2) Overseeing the processes of evaluating the adequacy of internal controls, risk-management, financial reporting and compliance;

(3) Approving major investment and divestment proposals, funding proposals, material acquisitions and disposal of assets, major corporate policies on key areas of operations, annual budget, the release of the Group's half year and full year results;

(4) Assume responsibility for corporate governance.

The Board has adopted internal policies and procedures, which set out approval limits for capital expenditure, bank facilities and cheque signatories and material transactions that require prior approval of the Board. The entry in to joint ventures, mergers, acquisitions and divestments would be examples of transactions that would require the Board's approval under such policies and procedures.

The Board also makes decisions in matters specifically involving conflict of interest situations relating to a substantial shareholder or Director, material acquisitions and disposal of assets, corporate and financial restructuring and share issuances, dividends and other returns to shareholders and other matters which require Board approval as specified under the Company's interested person transaction policy.

Upon appointment of new Director, the company would issue a formal letter of appointment setting out the statutory and other duties and obligations of the Director.

The Board as a whole is updated regularly on risks management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards.

CORPORATE GOVERNANCE

During the financial year (''***FY***") in review, the Board conducted regular meetings at least twice a year. Board's approval is specifically sought for major financial and investments prospects. Board meetings are held in Singapore and the Company's Articles of Association allows for meetings to be held via telephone and video conferencing.

The Board met 3 times in FY2010.

To assist the Board in the execution of its responsibilities, various Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee have been constituted with clearly defined terms of reference. Minutes of the Board Committee meetings are available to all Board members.

Details of Directors' attendance at Board and Board committees meetings held in FY2010 are summarized in the table below:

	Board		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Tan Geok Hon	3	3	3	3	1	1	1	N/A
Sim Pei Yee[1]	3	1	3	N/A	1	N/A	1	N/A
Huang Wen-Lai[2]	3	-	3	N/A	1	N/A	1	N/A
Dali Kumar Bin Sardar[3]	3	3	3	N/A	1	N/A	1	1
Tan Ser Ko	3	3	3	3	1	1	1	1
Chin Yew Choong David	3	3	3	3	1	1	1	1

N/A: Not applicable

1 Ms. Sim Pei Yee was appointed as an Executive Director with effect from 1 September 2010.

2 Mr. Huang Wen-Lai was appointed as an Executive Director on 15 January 2011.

3 Mr. Dali Kumar Bin Sardar was re-designated from an Executive Director to a Non-Executive Director with effect from 15 January 2011.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

Currently, the Board comprises the following Directors:-

Executive Directors
Ms. Sim Pei Yee
Mr. Huang Wen-Lai

Non-Executive Directors
Mr. Tan Geok Hon (Chairman)
Mr. Dali Kumar Bin Sardar

Independent Directors
Mr. Tan Ser Ko
Mr. Chin Yew Choong David

CORPORATE GOVERNANCE

There is a good balance between the executive and non-executive Directors and a strong and independent element on the Board. Each Director has been appointed on the strength of his expertise, experience and potential contributions to the Company. Key information on the Directors can be found in the "Board of Directors" section of this annual report.

The independence of each Director was reviewed annually by the Nominating Committee. Each independent Director was required to complete a Director' Independent Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Board has adopted the definition in the Code of what constitutes an Independent Director in its review of the independence of each Director.

The Nominating Committee was of the view that the current Board has a strong and independent element that is able to exercise independent judgment on corporate affairs and provide the management with a diverse and objective perspective on issues.

The Board has considered its current composition of Independent and Non-Executive Directors and is satisfied that it provides an abundant pool of resources and a good balance, such that strategies proposed by the executive management are fully discussed and examined, taking in to account the long term interests of the Group.

The Independent Directors communicate regularly to discuss matters such as the Group's financial performance and corporate governance initiatives.

The Nominating Committee is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

There should be a clear division of responsibilities at the top of the company- the working of the board and the executive responsibility of the company's business- which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman's primarily function is to manage the business of the Board and the Board committees, and to promote harmonious relations with the shareholders. In respect of, the Chairman's role with regard to Board's proceedings, the Chairman, being a Non-Executive Director:

- schedules meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;

- sets guidelines on and ensure quality, quantity, accurateness and timeliness of information flow between the Board, management and shareholders of the Company; and

- prepares meeting agenda.

There is a clear division of responsibilities at the top management with clearly defined lines of responsibility between the Board and executive functions of the management of the Company's business. The Board sets broad business guidelines, approves financial objectives and business strategies.

The Board also believes that as major decisions made by the Executive Directors, Ms. Sim Pei Yee and Mr. Huang Wen-Lai are being reviewed by the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") which are chaired by Independent Directors and there are adequate safeguards against uneven concentration of power and authority in the company.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment for new Directors to the board

We believe that Board's renewal must be an on-going process to ensure good governance and maintain relevance to a changing business environment. In accordance to Article 107 of the Company's Articles of Association, one third of our Directors must retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") of the Company, starting with the Directors who have been longest in office.

In accordance with Article 117 of the Company's Articles of Association, the Board has power from time to time and at any time to appoint a person as a Director to fill a casual vacancy or as an addition to the Board. Any new Directors appointed during the year shall only hold office until the next AGM and submit themselves for re-election and shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, legal, finance and management skill critical to the Group's business to enable the Board to make sound and well-considered decisions.

Nominating Committee

The NC, regulated by a set of written terms of reference, comprises one Non-Executive Director and two Independent Directors, as follows:

Mr. Chin Yew Choong David (Chairman)	-	Independent Director
Mr. Tan Ser Ko	-	Independent Director
Mr. Dali Kumar Bin Sardar	-	Non-Executive Director

The primary function of the NC is to determine the criteria for identifying candidates and to review nominations for the appointment of Directors to the Board, to consider how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:

(1) to make recommendations to the Board on all board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candor, and any other salient factors);

(2) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

(3) to determine annually whether a Director is independent, in accordance with the independence guidelines contained in the Code;

(4) to review whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations; and

(5) to consider how the Board's performance may be evaluated and to propose objective performance criteria.

The NC conducts an annual review of Directors' independence and based on the Code's criteria for independence, the NC is of the view that Mr. Tan Ser Ko and Mr. Chin Yew Choong David are deemed independent and that, no individual or small group of individual dominates the Board's decision making process.

The NC has reviewed and is satisfied that the Directors have been able to devote adequate time and effort to the matters of the company to fulfil their duties as Director of the company, in addition to their multiple board commitments.

CORPORATE GOVERNANCE

When the need of a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The NC meets with the shortlisted potential candidates before nominating the most suitable candidate to the Board for appointment as Director.

The NC has recommended the following Directors for re-election for the forthcoming AGM, namely:-

(1) Mr. Tan Ser Ko (retiring by rotation, pursuant to Article 107 of the Company's Articles of Association)

(2) Ms. Sim Pei Yee (pursuant to Article 117 of the Company's Articles of Association)

(3) Mr. Huang Wen-Lai (pursuant to Article 117 of the Company's Articles of Association)

Mr. Tan Ser Ko, an Independent Director of the Company was appointed to the Board on 2 October 2009. Ms. Sim Pei Yee and Mr. Huang Wen-Lai, Executive Directors of the Company were appointed as Directors on 1 September 2010 and 15 February 2011 respectively.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal assessment of the effectiveness of the board as a whole and the contribution by each Director to the effectiveness of the board.

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors.

The NC in conducting the appraisal process to assess the performance and effectiveness of the Board as a whole, it focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct.

During the financial year under review, all Directors are requested to complete a Board Evaluation Questionnaire to assess the overall effectiveness of the Board. The results of the exercise are reviewed by the NC before submitting to the Board for discussing and determining areas for improvement and enhancement of the Board's effectiveness.

Individual's Director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategy, the degree of preparedness, the knowledge and experience each Director possess which are crucial to the Group's business.

The Board has taken the view that the financial indicators, as set out in the Code as a guide for the evaluation of the Board and its Directors, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to Directors.

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.

All Directors have independent access to the Group's senior management, the Company Secretary and External Auditors at all times. All Directors are provided with adequate and timely information prior to Board meetings and on an on-going basis.

However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed.

All Directors also have unrestricted access to the Company's records and information. From time to time they are furnished with detailed information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Company's executive management.

The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations, which are applicable to the Company. The Company Secretary attends all Board and Board committees meetings. Should Directors, whether as a group or individually, need independent professional advice to fulfill their duties, such advice will be obtained from a professional firm of the Director's choice, the cost of which will be borne by the Company.

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, regulated by a set of written terms of reference, comprises one Non-Executive Director and two Independent Directors, as follows:

Mr. Chin Yew Choong David (Chairman)	-	Independent Director
Mr. Tan Ser Ko	-	Independent Director
Mr. Tan Geok Hon	-	Non-Executive and Non-Independent Director

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior management. The RC is independent of Management and free from any business or other relationships, which may materially interfere with the exercise of their independent judgment.

The RC reviews and recommends to the Board, in consultation with the management, a framework of all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each Director. No Director is involved in deciding his own remuneration.

The RC also has access to external professional advice on remuneration matters, if required.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. A significant portion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The remuneration policy of the Company is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and senior management. The annual review of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and senior management is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Company.

The RC determines the specific remuneration packages and terms of employment of the Executive Directors of the Company including those employees related to the Executive Directors and controlling shareholders of the Company as well as the senior executives.

The RC recommends the Directors' fees of Independent Directors and Non-Executive Directors to the Board based on their level of contribution taking into account factors such as efforts, time spent, as well as the responsibilities and obligations of the Directors. The Company recognizes the need to pay competitive fees to attract, motivate and retain the Directors without being excessive and thereby maximize shareholder value. The Independent Directors and Non-Executive Directors are paid a fixed Directors' fee component and additional fees for appointment as Chairman or member of a particular board committee. Directors' fees are recommended by the Board for approval at the Company's AGM.

As agreed with the Management of Winsta Holding Pte Ltd, a subsidiary of the Company, Ms. Sim Pei Yee is not drawing any salary or fees from the Company. She will be paid in accordance to her Service Contract with Winsta Holding Pte Ltd, of which she is currently a Director.

The Company has entered into a Service Contract with Mr. Huang Wen-Lai, the Executive Director of the Company for a initial period of 12 months from 15 January 2011. The Service Contract covers the terms of engagement, specifically salaries. The Service Contract provide for termination by either party upon giving not less than 2 months' notice in writing.

The RC met once in FY2010. Should the RC have informal discussions on matters requiring urgent decisions, it would then be formally confirmed and approved by circulating resolutions in writing.

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.

Our Executive Directors' remuneration, save for the case of Ms Sim Pei Yee, consists of his basic salary and bonuses. The detail of his remuneration package is given below.

CORPORATE GOVERNANCE

Our Independent Directors and Non-Executive Directors have remuneration packages which consist of a Directors' fee component. The Directors' fees are based on a scale of fees divided into basic retainer fees as a Director and additional fees for serving on any Board Committees. The Board recommends payment of Directors' fees to be approved by shareholders at the AGM.

The Board recommends payment of Directors' fees for FY2011 to be paid quarterly in arrears in FY2011 to the Non-Executive Directors. The payment of such fees shall be subject to the shareholders' approval at the forthcoming AGM.

The breakdown of remuneration of the Directors of the Company for the financial year ended 31 December 2010 is as follows:

Remuneration band: Below S$250,000

Name of Directors	Salary & Bonus	Directors' Fee
Tan Geok Hon	-	100%
Dali Kumar Bin Sardar	100%	-
Tan Ser Ko	-	100%
Chin Yew Choong David	-	100%
Huang Wen-Lai[1]	-	-
Sim Pei Yee[2]	100%	-

1 The service contract of Mr. Huang Wen-Lai only commenced from 15 January 2011.

2 Mr. Sim Poh Ping and Ms. Sim Pei San who is the father and sister of our Executive Director, Ms. Sim Pei Yee, are also Executive Directors of Winsta Group. Each of their remuneration exceeds S$150,000 for FY 2011.

On 25th June 2002 and in conjunction with the company's listing on the Singapore Exchange Securities Trading Limited, the Company adopted the NTI Employees' Share Option Scheme ("the Scheme"). The purpose of the Scheme is to provide an opportunity for the employees fo the Group to participate in the equity of the Company and to motive them towards better performance through increased dedication and loyalty.

The Scheme is administered by a Special Committee whose members as at the date of this report are:

Tan Ser Ko (Chairman)	-	Independent Director
Chin Yew Choong David	-	Independent Director
Dali Kumar Bin Sardar	-	Non-Executive Director

No share options have been granted pursuant to the Scheme during FY2010.

ACCONTABILITY 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. The Board updates shareholders on the operations and financial position of the Company through half yearly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

CORPORATE GOVERNANCE

The Management is accountable to the Board by providing the Board with the necessary financial information on a timely basis for the effective discharge of its duties. On a regular basis, the Board are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

Our Audit Committee in its report to the Board further supplements the accountability aspect.. The Directors also have separate and independent access to the company's key management. The Board is mindful of its obligations to provide timely and fair disclosure of material information in compliance with the statutory reporting requirements and the SGX-ST listing rules. Price sensitive information is first publicly released either before the company meets with any groups of investors or analysts simultaneously with such meetings.

PRINCIPLE 11: AUDIT COMMITTEE

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

The Company has adopted and has complied with the principles of corporate governance under the Code in relation to the roles and responsibilities of the AC.

The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities

The AC, regulated by a set of written terms of reference, comprises one non-executive Director and two Independent Directors. The members of the AC, which as at the date of this report are:

Tan Ser Ko (Chairman)	-	Independent Director
Chin Yew Choong David	-	Independent Director
Tan Geok Hon	-	Non-Executive and Non-Independent Director

The AC met three times in FY2010 and should the AC have informal discussions on matters requiring urgent attention, it would then be formally confirmed and approved by circulating resolutions in writing.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of Management and has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions properly.

The functions of the AC are as follows:

(1) assists our Board in discharging its statutory responsibilities on financial and accounting matters;

(2) reviews the financial and operating results and accounting policies of the Group;

(3) reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement and any formal announcements relating to the company's financial performance before submission to the Board for approval;

(4) reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors.

(5) review the nature and extent of non-audit services provided by external auditors;

(6) reviews the adequacy of the Company's internal control (financial and operational) and risk management policies and systems established by the management;

(7) discusses with management the significant internal audit observations, together with the management's responses and actions to correct any deficiencies. It also reviews the internal audit plans, determines the scope of audit examination and approves the internal audit budget.

(8) reviews the audit plans and reports of the external and internal auditors and consider the effectiveness of the actions taken by management on the auditors' recommendations;

(9) appraises and report to our Board on the audits undertaken by the external and internal auditors, the adequacy of the disclosure of information, and the appropriateness and quality of the system of management and internal controls;

(10) reviews the independence of external auditors annually and consider the appointment or re-appointment of external auditors and matters relating to the resignation or removal of the auditors and approve the remuneration and terms of engagement of the external auditors;

(11) reviews interested person transactions, as defined in the Listing Manual of the SGX-ST

The AC, having reviewed the scope and value of non-audit services provided to the company by the external auditors, is satisfied that the nature and extent of the services has not prejudiced the independence and objectivity of the external auditors in their conduct of the statutory audit. The AC recognizes the need to maintain balance between the independence and objectivity of the external auditors and the work carried out based on value-for-money considerations.

In FY2010, the AC met once with the external auditors without the presence of management.

Based on the reports submitted by the external and internal auditors and the various controls put in place by the management, the AC is satisfied that there are adequate internal controls to meet the needs of the Group in its current business environment.

PRINCIPLE 12: INTERNAL CONTROLS

The board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and company's assets.

The AC should ensure that a review of the effectiveness of the Company's financial, operational and compliance controls, risk management and the adequacy of internal controls is conducted at least annually, with such a review to be carried out by internal and/or external auditors.

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather that eliminate the risk of failure to achieve business objectives, and can provide only reasonable and no absolute assurance against material misstatement or loss.

The Company's external auditors conduct an annual review in accordance with their audit plan, of the effectiveness of the company's material internal control, including financial, operational and compliance controls and risk management. The AC reviews any material non-compliance/failures in internal controls and the effectiveness of actions taken by the management on the recommendations by the external auditors, if any.

Due to resources constraint, the Company has not have in place a whistle blowing pricing at the moment but the employees may have access to the AC Chairman to raise any concerns on possible corporate improprieties in matters of financial reporting.

CORPORATE GOVERNANCE

PRINCIPLE 13: INTERNAL AUDIT

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

Due to the limited scale of the Company's business and corporate structure, the Company has not appointed an external party to provide internal audit and advisory services to the Company for FY2010.

The Board recognizes and is responsible for maintaining a system of internal control processes to safeguard shareholder's investments and the groups business and assets. Although the Company does not have a separate internal audit function the Board believes that the existing systems of internal control are adequate in taking into consideration the corporate structure and scope of the Company's operations.

The key element in the Group's internal system is the control which the Executive Director exercises over expenditure for investments and capital spending, with the various levels of approvals in the authorization limits granted by the Board.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

Companies should engage in regular, effective and fair communication with shareholders.

The Company does not practise selective disclosure of material information. In line with continuous obligations of the company to the SGX-ST listing rules and the Companies Act (cap 50, Singapore), the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Company or the group.

All material information on the performance and development of the Group and of the Company is disclosed in a timely manner. Shareholders are provided with half yearly and annual financial reports announced promptly through the SGXNET in accordance with the requirements under the SGX-ST listing rules. Where there is inadvertent disclosure made to a selected group, the company will make the same disclosure publically to all other as soon as practicable.

PRINCIPLE 15: 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.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. If the shareholders cannot attend the meeting, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. At the moment, the Company has not provided in their Articles of Association to allow for voting in absentia and electronic voting methods such as by mail, email, fax etc.

The Board welcomes questions from shareholders before or at our AGM. We have also adopted the practice of separate resolutions at general meetings on each issue. Thus far, the chairpersons of the various committees have been present and available to address questions at general meetings.

The Company's external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

The Company has adopted internal codes pursuant to the SGX-ST best practice guides that prohibits the Directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "black-out" period-being two weeks and one month immediately preceding the announcement of the Company's half yearly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group. Directors, executives and connected persons are also expected to observe insider-trading laws at all times 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.

All Directors are to seek the Board's approval before trading in the Company's shares.

INTERESTED PERSON TRANSACTIONS ("IPTs") AND SHAREHOLDERS' MANDATE

There were no Interested Persons Transactions of the Company or its subsidiaries involving the interests of any Director or controlling shareholders subsisting at the end of the financial year or have been entered into since the end of the previous financial year.

MATERIAL CONTRACTS

Save as disclosed in the financial statements and the services agreement, there were no material contracts (including loans) of the company or its subsidiaries involving the interests of any Director or controlling shareholders subsisted at the end of the current or previous financial year.

RISK MANAGEMENT POLICIES AND PROCESSES

The Company regularly reviews and improves its business and operational activities to take in to account the risk management perspective. The Company seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC.

DIRECTORS' REPORT

For the financial year ended 31 December 2010

The directors of M Development Ltd and its subsidiaries ("the Group") are pleased to submit their report to the members together with the audited statements of financial position of the Company and consolidated financial statements of the Group for the financial year ended 31 December 2010.

DIRECTORS

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

Tan Geok Hon (Non-Executive Chairman, Non Independent Director)
Huang Wen-Lai (Executive Director appointed on 15 January 2011)
Sim Pei Yee (Executive Director appointed on 1 September 2010)
Dali Kumar Bin Sardar (Non-Executive Director)
Tan Ser Ko (Independent Director)
Chin Yew Choong David (Independent Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as described in the paragraph below, neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year and their interests in the share capital, debentures, warrants and share options of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chaper 50 were as follows:-

	Holdings registered in name of Director or nominee		Holdings in which a Director is deemed to have an interest	
	At beginning of the financial year	At end of the financial year and 21 January 2011	At beginning of the financial year	At end of the financial year and 21 January 2011
	Number of ordinary shares		Number of ordinary shares	
The Company				
Tan Geok Hon	22,510,000	24,010,000	-	-

There were no changes to any of the above-mentioned interests between the end of the financial year and 21 January 2011.

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

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

SHARE OPTIONS

(a) Options to take up unissued shares

On 25 June 2002 and in conjunction with the Company's listing on the Singapore Exchange Securities Trading Limited, the Company adopted the NTI Employees' Share Option Scheme ("the Scheme"). The purpose of the Scheme is to provide an opportunity for the employees of the Group to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Scheme is administered by a special committee whose members are:

Tan Ser Ko (Chairman)
Chin Yew Choong David
Dali Kumar Bin Sardar

The size of the Scheme shall not exceed 15% of the total shares of the Company. Confirmed full-time employees and executive directors and non-executive directors of the Company (excluding independent directors) shall be eligible to participate in the Scheme.

Offers of the options made to grantees, if not accepted by the grantees within 30 days, shall lapse. The Scheme shall continue in operation for a maximum period of 10 years commencing on 25 June 2002, the date which the Scheme is adopted by the Company in a general meeting, unless otherwise extended by shareholders in a general meeting.

Since the beginning of the Scheme, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

RIGHTS SHARES AND WARRANTS

The Company had on 3 August 2010 issued 38,288,993 rights shares at an issue price of S$0.045 for each rights share, on the basis of one (1) rights share for every five (5) existing ordinary shares with free detachable warrants.

In addition, the Company also issued 76,577,986 free Warrants on the basis of two (2) Warrants for every one (1) rights share subscribed.

As at 31 December 2010, the aforesaid 76,577,986 Warrants have not been converted into shares.

AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Mr Tan Ser Ko, an independent director, and includes Mr Chin Yew Choong David, an independent director, and Mr Tan Geok Hon, a non-executive and non independent director. The Audit Committee has met three times since the last Annual General Meeting ("AGM") and has reviewed the following, with the executive directors and external auditors of the Company:

(i) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(ii) the Group's financial and operating results and accounting policies;

(iii) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors of the Company and external auditors' report on those financial statements;

(iv) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(v) the co-operation and assistance given by the management to the external auditors;

(vi) the appointment of the external auditors;

(vii) interested person transactions; and

(viii) generally undertake such other functions and duties as may be required by statute or the Singapore Exchange Securities Trading Limited Listing Rules, and by amendments made thereto from time to time.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Ernst & Young LLP for appointment as external auditors at the forthcoming AGM of the Company.

DIRECTORS' REPORT

For the financial year ended 31 December 2010

AUDITORS

The retiring independent auditors, PKF-CAP LLP, will not be seeking re-appointment. Ernst & Young LLP will be nominated for appointment as the auditors at the forthcoming Annual General Meeting.

On behalf of the Board of Directors

Huang Wen-Lai Director	Dali Kumar Bin Sardar Director

8 April 2011

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2010

In our opinion,

a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

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

On behalf of the Board of Directors

Huang Wen-Lai Director	Dali Kumar Bin Sardar Director

8 April 2011

INDEPENDENT AUDITOR'S REPORT

To Members of M Development Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M Development Ltd (the "Company") and its subsidiaries (collectively the "Group") set out on pages 26 to 66, which comprise the statements of financial position of the Group and the Company as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

To Members of M Development Ltd

Opinion

In our opinion, the consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PKF-CAP LLP
Public Accountants and
Certified Public Accountants

Singapore

8 April 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000
Continuing Operations			
Revenue	4	6,108	-
Cost of sales	5	(2,767)	-
Gross profit		3,341	-
Other income	6	459	2
Administrative expenses		(2,481)	(582)
Other expenses	7	(1,834)	(3,296)
Interest (expense) / income	8	(12)	19
Loss before income tax from continuing operations	9	(527)	(3,857)
Income tax expense	11	(216)	(28)
Loss after tax from continuing operations		(743)	(3,885)
Discontinued Operations			
Loss from discontinued operations, net of tax	19	(28)	(224)
Loss for the year		(771)	(4,109)
Attributable to			
Equity holders of the Company			
Loss from continuing operations, net of tax		(703)	(3,885)
Loss from discontinued operation, net of tax		(28)	(224)
		(731)	(4,109)
Non controlling interests			
Loss from continuing operations, net of tax		(40)	-
		(771)	(4,109)
Loss per share attributable to the equity holders of the Company (cents)			
From continuing operations			
- Basic	12(a)	(0.32)	(2.36)
- Dilutive	12(a)	(0.32)	(2.36)
Total			
- Basic	12(b)	(0.33)	(2.49)
- Dilutive	12(b)	(0.33)	(2.49)

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 2010

		The Group	
		2010	2009
	Note	S$'000	S$'000
Loss for the year		(771)	(4,109)
Other comprehensive income, net of tax			
- Foreign currency translation differences		128	(4)
Total comprehensive loss for the year		(643)	(4,113)
Attributable to			
Equity holders of the Company			
Loss from continuing operations, net of tax		(575)	(3,889)
Loss from discontinued operation, net of tax		(28)	(224)
		(603)	(4,113)
Non controlling interests			
Loss from continuing operations, net of tax		(40)	-
		(643)	(4,113)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

		The Group		The Company	
		2010	2009	2010	2009
	Note	S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Trade receivables	13	655	1	-	-
Other receivables, deposits and prepayments	14	871	242	-	242
Intangible assets	15	283	-	-	-
Amounts due from related parties	16	1,047	-	-	-
Cash and bank balances	17	6,805	672	939	629
		9,661	915	939	871
Non-current assets					
Property, plant and equipment	18	2,844	-	-	-
Investment in subsidiaries	19	-	-	1,734	-
		2,844	-	1,734	-
Total Assets		12,505	915	2,673	871
LIABILITIES					
Current liabilities					
Trade payables	20	400	-	-	-
Other payables and accruals	21	4,542	219	42	214
Rent-free incentive granted by landlord		53	-	-	-
Amount due to related parties	16	128	-	-	-
Income tax payable		904	28	-	28
Provision for contingent consideration	19	816	-	-	-
Loans and borrowings	22	264	-	-	-
		7,107	247	42	242
Non-current liabilities					
Deferred tax liabilities	11	256	-	-	-
Rent-free incentive granted by landlord		8	-	-	-
Provision for reinstatement		80	-	-	-
		344	247	42	242
Total liabilities		7,451	247	42	242
Net assets		5,054	668	2,631	629
CAPITAL AND RESERVES					
Share capital	23	24,423	21,491	24,423	21,491
Foreign currency translation reserves	23	-	(128)	-	-
Accumulated losses		(21,426)	(20,695)	(21,792)	(20,862)
Total equity attributable to the equity holders of the Company		2,997	668	2,631	629
Non controlling interests		2,057	-	-	-
Total Equity		5,054	668	2,631	629

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 2010

	Share capital S$'000	Option reserve S$'000	Foreign currency translation reserves S$'000	Accumulated losses S$'000	Total attributable to owners of the Company S$'000	Non controlling interest S$'000	Total Equity S$'000
The Group							
Balance at 1 January 2009	19,114	99	(124)	(16,586)	2,503	-	2,503
Total comprehensive loss for the year	-	-	(4)	(4,109)	(4,113)	-	(4,113)
Option reserve	-	(99)	-	-	(99)	-	(99)
Issuance of new shares	2,377	-	-	-	2,377	-	2,377
Balance at 31 December 2009	21,491	-	(128)	(20,695)	668	-	668
Acquisition of interests in subsidiaries	-	-	-	-	-	2,097	2,097
Total comprehensive loss for the year	-	-	-	(603)	(603)	(40)	(643)
Foreign currency translation deficit transferred to income statement	-	-	128	(128)	-	-	-
Issuance of new shares	2,932	-	-	-	2,932	-	2,932
Balance at 31 December 2010	24,423	-	-	(21,426)	2,997	2,057	5,054
The Company							
Balance at 1 January 2009	19,114	99	-	(17,329)	1,884	-	1,884
Total comprehensive loss for the year	-	-	-	(3,533)	(3,533)	-	(3,533)
Option reserve	-	(99)	-	-	(99)	-	(99)
Issuance of new shares	2,377	-	-	-	2,377	-	2,377
Balance at 31 December 2009	21,491	-	-	(20,862)	629	-	629
Total comprehensive loss for the year	-	-	-	(930)	(930)	-	(930)
Issuance of new shares	2,932	-	-	-	2,932	-	2,932
Balance at 31 December 2010	24,423	-	-	(21,792)	2,631	-	2,631

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000
Cash flows from operating activities			
Loss after tax		(771)	(4,109)
Adjustments for:			
Tax		216	28
Deferred acquisition costs		-	1,193
Depreciation of plant, property and equipment		395	-
Intangible assets amortisation	15	916	-
Interest expense	8	12	-
Loss on disposal of property, plant and equipment		4	-
Recognition of negative goodwill	7, 19	(409)	-
Loss on disposal of a subsidiary	7	139	-
Impairment of goodwill		-	1,919
Unrealised translation difference		-	(4)
Interest income on convertible loan		-	(19)
Operating cash flows before movements in working capital		502	(992)
Working capital changes:			
Trade and other receivables		2,638	758
Trade and other payables		(2,428)	(420)
		712	(654)
Income tax paid		(163)	(60)
Net cash flow from operating activities		549	(714)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2	-
Purchase of property, plant and equipment		(200)	-
Net cash inflow from acquisition of subsidiaries	19	4,412	-
Net cash loss from disposal of subsidiary	19	(10)	-
Net cash flow from investing activities		4,204	-
Cash flows from financing activities			
Interest paid		(12)	-
Repayment of bank borrowings		(316)	-
Proceeds from rights issue	23	1,708	-
Proceeds from issue of shares		-	877
Net cash from financing activities		1,380	877
Net increase in cash and cash equivalents		6,133	163
Cash and cash equivalents at beginning of the year		672	509
Cash and cash equivalents at end of the year	17	6,805	672

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 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

With effect from 25 June 2010, the Company has changed its name from NTI International Limited to M Development Ltd.

M Development Ltd is incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The principal activity of its subsidiaries is disclosed in Note 19 to the financial statements.

The Company has undergone a series of corporate exercises during the year and as announced previously. They are as follows:

(i) Rights and Warrants issue

On 3 August 2010, 38,288,993 Rights Shares and 76,577,986 Warrants have been allotted and issued by the Company pursuant to the Rights Issue.

As at 31 December 2010, the aforesaid 76,577,986 Warrants have not been converted into shares.

(ii) Acquisition of subsidiaries

On 23 August 2010, the acquisition of 51% equity interest in Winsta Holding Pte Ltd and its subsidiaries ("Winsta") for a total consideration of S$1,734,000 was completed. The consideration was satisfied by cash payments of $510,000 and by the allotment and issuance of 40,800,000 new ordinary shares in the Company to the vendors.

Winsta is engaged in the business of management of hostels catering primarily to the foreign student population in Singapore.

The 4-month results of Winsta from September 2010 to December 2010 are consolidated in the statement of comprehensive income of the Group for the financial year ended 31 December 2010.

(iii) Disposal of subsidiary

The Company's wholly-owned subsidiary, New Eagle (HK) Limited ("NEL"), had ceased trading with its major supplier based in the US in 2009 and due to the extremely difficult trading environment and the lack of trade financing, the subsidiary had been inactive since 1 January 2010. The Directors had no future plans or intention to carry on any business operations in NEL.

The Company did not have the required manpower and resources to oversee and attend to the winding up process of NEL in Hong Kong. The Directors had explored and considered various options and agreed that to dispose NEL to Mr Goh Yong Hwee, the Managing Director of NEL for a nominal cash amount to be the best option so that Mr Goh Yong Hwee could oversee and attend to all necessary statutory requirements on the winding up of NEL in Hong Kong.

1. General information (cont'd)

(iv) Equity-linked redeemable structured notes

The shareholders have, at the extraordinary general meeting, approved the Company to issue to Latitude Capital Asian Growth Fund of 1.5% unsecured equity-linked redeemable structured notes due in 2013 in an aggregate principal amount of up to S$100 million.

The proceeds from the redeemable structured notes were meant for general working capital and to fund investments and acquisition. As at 31 December 2010, the redeemable structured notes have not been issued. The management is proactively looking at investment and acquisition opportunities, and the right timing for issue of these notes.

2. Significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD" or "S$"), which is the functional currency of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company, except as disclosed below:

The following are the new or amended FRS and INT FRS that are relevant to the Group:

FRS 103 Business Combinations (revised)

FRS 27 Consolidated and Separate Financial Statements (revised)

2. Significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;

- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

2. Significant accounting policies (cont'd)

2.3 FRS and INT FRS issued but not yet effective

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

		Effective for annual periods beginning on or after
Amendment to FRS 32	Financial Instruments: Presentation - Classification of Rights Issues	1 February 2010
Amendment to FRS 101	First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters	1 July 2010
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24	Related Party Disclosures	1 January 2011
Amendments to INT FRS 114	FRS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115	Agreements for the Construction of Real Estate	1 January 2011
Amendments to FRS 107	Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12	Deferred Tax – Recovery of Underlying Assets	1 January 2012
Improvements to FRSs 2010		1 January 2011, unless otherwise stated

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2. Significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the statement of financial position. 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 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.

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

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. The accounting policy for goodwill is set out in Note 2.7. 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.

2.5 Functional and foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional and presentation currency is Singapore Dollars.

2. Significant accounting policies (cont'd)

2.5 Functional and foreign currency (cont'd)

(ii) Foreign currency

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 statement of financial position date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the statement of financial position date are recognised in profit or loss.

(iii) Translation of Group entities' financial statements

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

- Assets and liabilities are translated at the closing rates at the date of the statement of financial position;

- Share capital and reserves are translated at historical rates of exchange;

- Income and expenses in the income statement are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions);

- All resulting exchange differences are taken to other comprehensive income or loss before entering into equity; and

- On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

2. Significant accounting policies (cont'd)

2.6 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over its estimated useful life as follows:

Electrical and office equipment	–	3 - 6 years
Furniture and fittings	–	6 years
Renovations	–	6 years
Electrical installations	–	6 years
Computers	–	1 year
Consumables	–	2 years
Air conditioners	–	1 - 5 years
Linens	–	2 years

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

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 property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the period the asset is derecognised.

2.7 Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiary over the fair value at the date of acquisition of the Group's share of their identifiable net assets, including contingent liabilities, at the date of acquisition. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition.

Goodwill is stated at cost less accumulated impairment losses.

Negative goodwill represents the excess of the fair value at the date of acquisition of the Group's share of their identifiable net assets over the cost of an acquisition of subsidiaries. Negative goodwill at the date of transaction is adjusted directly to statement of comprehensive income.

Goodwill on acquisition of subsidiaries is included in as an item in intangible assets.

Goodwill on acquisition post 1 January 2005 is determined after deducting the Group's share of their identifiable net assets and contingent liabilities.

From 1 January 2005, goodwill recognised as intangible assets is tested annually for impairment or whenever there is indication of impairment.

2. Significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

(i) Goodwill (cont'd)

Goodwill on acquisition of subsidiaries is shown on the face of the consolidated statement of financial position, gain or loss on disposal of subsidiaries include the Company amount of capitalised goodwill relating to the entity sold.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised in the statement of comprehensive income when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in the subsequent period.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

2. Significant accounting policies (cont'd)

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 such indication exists or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss as 'impairment losses'.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.10 Financial assets

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

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

Loans and receivables

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

2. Significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

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

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, short term deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and short term deposits carried on the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

2. Significant accounting policies (cont'd)

2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) *Financial assets carried at amortised cost*

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

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

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

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

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

(ii) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Significant accounting policies (cont'd)

2.13 Financial liabilities

Financial liabilities are recognised on the balance sheet 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 and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities are 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.

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

2.14 Provisions

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

Provisions are reviewed at each balance sheet date 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.

2.15 Government grants

Government grants are 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.

2.16 Borrowing costs

Borrowing costs are expensed in the period they occur.

2.17 Employee benefits

(i) Employee leave entitlement

A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position.

2. Significant accounting policies (cont'd)

2.17 Employee benefits (cont'd)

(ii) Defined contribution plans

The Company's contributions to defined contribution plan are recognised as employee compensation expense when contributions are due, unless they can be capitalised as an asset.

2.18 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

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

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

Operating lease payments are recognised as an expense in 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.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19.

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue is mainly rental income generated from lodging and leasing of units and providing related facilities and multi-services are accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Significant accounting policies (cont'd)

2.20 <u>Income taxes</u>

(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 by the end of the reporting period, in the countries where the Company 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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

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

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

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

2. Significant accounting policies (cont'd)

2.20 Income taxes (cont'd)

(c) *Sales tax (cont'd)*

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.21 Related parties

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

(i) controls, is controlled by, or is under common control with, the Group;
(ii) has an interest in the Group that gives it significant influence over the Group; or
(iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.22 Segment reporting

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

3. Significant accounting judgements and estimates

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

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

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Useful lives of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these assets to be within 1 to 6 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual value of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Group's property, plant and equipment at 31 December 2010 was S$2,844,000 (2009: Nil).

(b) *Impairment of loans and receivables*

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the statement of financial position date is disclosed in Note 13 to the financial statements.

(c) *Valuation of other intangibles*

Other intangibles are the value of the rental contracts entered by Winsta and its subsidiaries with tenants at their leased properties and facilities. The determination of the fair value of other intangibles is based on discounted cash flow. Other intangibles are amortised over the term of the rental contracts and assessed for impairment whenever there is an indication that intangible assets may be impaired.

(d) *Impairment of investment in subsidiaries*

An impairment exists when the carrying value of investment in subsidiaries exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 19 to the financial statements.

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

3.1 Key sources of estimation uncertainty

(e) *Fair value measurement of contingent consideration on business combination*

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. The carrying amount of the contingent consideration on business combination at the end of the reporting period is disclosed in Note 19 to the financial statements.

3.2 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and deferred tax liabilities at 31 December 2010 was $904,000 (2009: $28,000) and $256,000 (2009: Nil) respectively.

4. Revenue

This mainly represents revenue generated from lodging and leasing of units and providing related facilities and multi-services.

5. Cost of sales

The following item has been included in arriving at cost of sales:

	The Group	
	2010 S$'000	2009 S$'000
Operating lease expenses	2,089	-

6. Other income

	The Group	
	2010 S$'000	2009 S$'000
Interest income	2	2
Car park rental income	13	-
Collections from vending machines	16	-
Recognition of negative goodwill	409	-
Others	19	-
	459	2

7. Other expenses

		The Group	
	Note	2010 S$'000	2009 S$'000
Write down of deferred acquisition cost		-	1,377
Impairment of goodwill	15	-	1,919
Loss on disposal of subsidiary		139	-
Intangible assets amortisation	15	916	-
Others		779	-
		1,834	3,296

8. Interest expense / (income)

	The Group	
	2010 S$'000	2009 S$'000
Term loan interest expense / (income)	12	(19)

9. Loss before income tax from continuing operations

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

		The Group	
		2010	2009
	Note	S$'000	S$'000
Operating lease expenses	5	2,089	-
Employee benefits expense	10	830	-
Directors' fees			
- Company		147	165
- Subsidiaries		-	-
Directors' remuneration			
- Company	24	96	102
- Subsidiaries	24	197	-
Employer's contribution to defined contribution plans including Central Provident Fund	10	74	6
Depreciation of property, plant and equipment	18	395	-
Intangible assets amortisation	15	916	-
Loss from disposal of a subsidiary	7	139	-
Recognition of negative goodwill	19	(409)	-

10. Employee benefits expense

	The Group	
	2010	2009
	S$'000	S$'000
Wages, salaries and bonuses	756	-
CPF and other contributions	74	-
	830	-

11. Income tax expense

	The Group	
	2010	2009
	S$'000	S$'000
Current income tax		
- Current year	202	28
- Over provision in prior year	(28)	-
	174	28
Deferred tax		
- Current year	42	-
	216	28

11. Income tax expense (cont'd)

	The Group	
	2010 S$'000	2009 S$'000
Loss before tax from continuing operations	527	3,857
Loss before tax from discontinued operations	28	224
Tax calculated at statutory income tax rate of 17% (2009 : 17%)	(94)	(694)
Expenses not deductible for tax purposes	396	712
Income not subject to tax	(70)	-
Singapore statutory stepped income exemption	(16)	(26)
Effect of different tax rates in different jurisdictions	-	1
Deferred tax assets not recognised	-	35
Over provision of tax in respect of prior year	(28)	-
Others	28	-
Tax charge	216	28

Deferred tax liabilities arises due to differences between the tax and accounting bases of property, plant and equipment.

12. Loss per share

a) Continuing operations

Basic and diluted loss per share from continuing operations are calculated by dividing the net loss from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2010	2009
Net loss from continuing operations attributable to ordinary shareholders (S$'000)	(703)	(3,885)
Weighted average number of ordinary shares in issue ('000)	220,999	165,166
Basic and diluted loss per share (cents)	(0.32)	(2.36)

b) Loss per share computation

Basic and diluted loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2010	2009
Net loss attributable to ordinary shareholders (S$'000)	(731)	(4,109)
Weighted average number of ordinary shares in issue ('000)	220,999	165,166
Basic and diluted loss per share (cents)	(0.33)	(2.49)

76,577,986 warrants which have not been converted into shares as at 31 December 2010 have not been included in the calculation of diluted loss per share because the share price of the Company did not reach the exercise price of the warrants during the course of the year.

13. Trade receivables

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Trade receivables	655	1	-	-

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$323,000 (2009: Nil) that are past due at the statement of financial position date but not impaired. The management has assessed and is of the opinion that the trade receivables are recoverable and no impairment is required. These receivables are unsecured and the analysis of their aging at the statement of financial position date is as follows:

	The Group	
	2010	2009
	S$'000	S$'000
Trade receivables past due:		
Lesser than 30 days	109	-
30 to 60 days	78	-
More than 60 days	136	-
	323	-

Trade receivables were denominated in the following currencies at statement of financial position date:

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Singapore Dollar	655	-	-	-
Hong Kong Dollar	-	1	-	-
	655	1	-	-

14. Other receivables, deposits and prepayments

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Other receivables	18	-	-	-
Deposits	696	-	-	-
Prepayments	157	242	-	242
	871	242	-	242

Other receivables and deposits carrying value approximate its fair values. The above mentioned amounts are all denominated in Singapore dollars.

15. Intangibles assets

The Group	Goodwill S$'000	Other Intangibles S$'000	Total S$'000
Balance as at 1 January 2009	1,919	-	1,919
Impairment	(1,919)	-	(1,919)
Balance as at 31 December 2009	-	-	-
Additions			
Addition due to acquisition of subsidiary (Note 19)	-	1,199	1,199
Amortisation during the year (Note 19)	-	(916)	(916)
Balance as at 31 December 2010	-	283	283

Impairment test for goodwill

Goodwill acquired through business combination has been allocated to the trading cash-generating unit (CGU), which is a reportable segment, for impairment testing.

The recoverable amount of a CGU was determined based on value-in-use calculations. In 2008, cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Assumptions for the budgets were based on past performance and expectations of market development.

Key assumptions used for value-in-use calculations:

Growth rate[1]	4%
Discount rate[2]	8%

[1] Average growth rate over the five-year period used in the cash flow projections of the CGU
[2] Pre-tax discount rate applied to the pre-tax cash flow projections

Impairment loss for goodwill recognised

Impairment loss was recognised in 2009 to write-down the goodwill in relation to the past acquisition of the subsidiary due to the reassessment of the above-mentioned assumptions resulting from the decline in operations of the subsidiary. Accordingly, the carrying value of the investment in the subsidiary has been fully impaired at Company level in 2009. This subsidiary was disposed off during the year (Note 19).

Other intangibles

These are the value of the rental contracts entered by Winsta and its subsidiaries with tenants at their leased properties and facilities as at the date of acquisition. They are amortised over the remaining term of the rental contracts.

16. Amounts due from / (to) related parties

The amounts due from / (to) related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash. The amounts are all denominated in Singapore dollars and their carrying values approximated their fair values.

17. Cash and bank balances

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	5,754	672	139	629
Fixed deposits	1,051	-	800	-
	6,805	672	939	629

Fixed deposits bear interest at between 0.15% to 1.8% (2009: Nil) per annum and have a maturity period of between 3 to 36 months .

At statement of financial position date, the carrying amounts of cash and bank balances approximated their fair values.

Cash and bank balances at the statement of financial position date are denominated in the following currencies:

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Singapore Dollar	6,805	629	939	629
Hong Kong Dollar	-	43	-	-
	6,805	672	939	629

18. Property, plant and equipment

	Electrical and office equipment S$'000	Furniture and fittings S$'000	Renovations S$'000	Electrical installations S$'000	Computers S$'000	Air conditioners S$'000	Linens S$'000	Consumables S$'000	Total S$'000
Group									
Cost									
Balance at 1 January 2009	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Balance at 31 December 2009	-	-	-	-	-	-	-	-	-
Additions arising from acquisition	80	204	2,143	465	50	98	3	2	3,045
Additions	51	42	52	1	2	17	12	23	200
Disposal	(2)	-	(2)	(1)	-	(1)	-	-	(6)
Balance at 31 December 2010	129	246	2,193	465	52	114	15	25	3,239
Accumulated depreciation									
Balance at 1 January 2009	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
Balance at 31 December 2009	-	-	-	-	-	-	-	-	-
Charge for the year	15	119	178	48	10	15	8	2	395
Balance at 31 December 2010	15	119	178	48	10	15	8	2	395
Net carrying amount									
Balance at 31 December 2009	-	-	-	-	-	-	-	-	-
Balance at 31 December 2010	114	127	2,015	417	42	99	7	23	2,844

19. Investment in subsidiaries

	The Company 2010 S$'000	The Company 2009 S$'000
Unquoted equity shares at cost, at the beginning of the year	2,017	2,017
Addition	1,734	-
Disposal	(2,017)	-
At the end of the year	1,734	2,017
Less : Allowance for impairment	-	(2,017)
	1,734	-

Allowance for impairment

	The Company 2010 S$'000	The Company 2009 S$'000
At beginning of the year	2,017	-
Impairment during the year	-	2,017
Realisation of impairment on disposal of subsidiary	(2,017)	-
	-	2,017

Details of subsidiaries held by the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and operation	Effective equity holdings held by the Company 2010	Effective equity holdings held by the Company 2009
Held by the Company				
New Eagle (HK) Limited	Trading of off lease electronic components and computer equipment materials	Hong Kong	-	100%
Winsta Holdings Pte Ltd ("Winsta") *	Investment holding	Singapore	51%	-
Subsidaries wholly owned by Winsta				
Global Residence Pte Ltd *	Operators for lodging and leasing of units and to provide related facilities and multi-services	Singapore	51%	-
Pearl Hill Hostel Pte Ltd *	To provide hostel services	Singapore	51%	-
Cambridge Hostel Management Pte Ltd *	To provide hostel services	Singapore	51%	-

19. Investment in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation and operation	Effective equity holdings held by the Company 2010	2009
Carlisle Hostel Management Pte Ltd *	Operators for lodging and boarding places and to provide related facilities and multi-services	Singapore	51%	-
Katong Hostel Pte. Ltd. *	Operators of students' hostel, restaurant, café, roadhouse, motel, holiday camp, caravan site and apartment house keepers	Singapore	51%	-
Queensway Student Hostel Pte. Ltd. *	Operators of students' hostel, holiday camp and apartment house keepers	Singapore	51%	-

* Audited by Ernst & Young LLP, Singapore. The Board of Directors and the Audit Committee has considered and are satisfied with this audit arrangement.

Acquisition of subsidiaries

On 23 August 2010 (the "acquisition date"), the Company acquired a 51% equity interest in Winsta Holding Pte Ltd and its subsidiaries.

The fair value of the identifiable assets and liabilities of Winsta Holding Pte Ltd and its subsidiaries as at the acquisition date were:

	Fair value recognised on acquisition S$'000
Property, plant and equipment	3,045
Intangible assets	1,199
Trade and other receivables, deposit and prepayments	4,969
Cash and bank balances	4,922
	14,135
Trade and other payables and accruals	7,460
Deferred tax liabilities	214
Income tax payable	825
Loans and borrowings	580
Provision for contingent consideration	816
	9,895
Total identifiable net assets at fair value	4,240
Less: Non controlling interests	(2,097)
Total identifiable net assets at fair value acquired	2,143

19. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

	Fair value recognised on acquisition S$'000
<u>Consideration transferred for the acquisition</u>	
Cash	510
Equity instruments issued (40,800,000 ordinary shares of the Company)	1,224
Total consideration transferred	1,734
Negative goodwill arising from acquisition recognised in comprehensive income	(409)

The fair value of the acquired identifiable intangible assets of S$1,199,000 relates to the future economic benefits from the existing rental contracts at the date of acquisition. As at 31 December 2010 S$916,000 has been recognised in the profit or loss. The value of intangible asset of S$1,199,000 is provisional pending the finalisation of the intangible asset valuation. The valuation of intangible assets would be adjusted on a retrospective basis when the valuation is finalised.

Non controlling interests value is measured by taking the non controlling interest's proportionate share of Winsta and its subsidiaries identifiable net assets.

The 40,800,000 ordinary shares of the Company, which was issued as part of the consideration in respect of the acquisition of Winsta, was valued at S$0.03 per share, being the last traded price at the date of acquisition.

Provision for contingent consideration

As part of Winsta's purchase agreement with the previous owners of its subsidiaries acquired, a contingent consideration had been agreed on. Additional cash payments shall be due to the previous owners on an amount in excess of $4,000,000 of the cumulative net profit after tax of the subsidiaries of Winsta for the period commencing from 1 July 2008 and ending 31 December 2010.

As at 31 December 2010, the fair value of the contingent consideration was estimated at $816,000.

Impact of the acquisition on profit and loss

From the acquisition date, Winsta and its subsidiaries have contributed S$6,108,000 of revenue and S$315,000 to the Group's comprehensive income, net of tax, for the year. It is impracticable to determine the contribution from Winsta and its subsidiaries as if the business combination had taken place at the beginning of the year because the data and information were not available as Winsta and its subsidiaries was only formed in late January 2010.

Net cash inflow arising on acquisition:

	S$'000
Cash consideration paid	(510)
Cash and bank balances	4,922
	4,412

19. Investment in subsidiaries (cont'd)

Disposal of subsidiary

Subsequent to the acquisition of Winsta and its subsidaries, as disclosed in Note 1, the Company disposed its wholly-owned subsidiary, New Eagle (HK) Limited ("NEL") on 30 August 2010.

Details of the assets disposed are as follows:

	S$'000
Trade receivables	1
Cash	10
	11

Net cash outflow arising on disposal

	S$'000
Cash consideration received	-
Cash	10
Net cash outflow arising on disposal of a subsidiary	10

The revenue, expenses and results of NEL till the date of disposal are as follows:

	2010 S$'000	2009 S$'000
Revenue	-	416
Cost of sales	-	(547)
Administrative expenses	(28)	(93)
Loss from discontinued operations	(28)	(224)

The cash flows attributable to NEL are as follows:

	2010 S$'000	2009 S$'000
Operating	(33)	19
Investing	(10)	-
Net cash (outflows) / inflows	(43)	19

Loss per share from discontinued operations

	2010	2009
Net loss attributable to ordinary shareholders (S$'000)	(28)	(224)
Weighted average number of ordinary shares in issue ('000)	220,999	165,166
Basic and diluted loss per share (cents)	(0.01)	(0.14)

20. Trade payables

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade payables	400	-	-	-

The balances are all denominated in Singapore dollars and their carrying values approximated their fair values. Trade payables are non-interest bearing and are normally settled on 30 to 120 days' terms.

21. Other payables and accruals

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Rental received in advance	2,338	-	-	-
Accruals	363	78	-	73
Rental deposits received	1,705	-	-	-
Other payables	136	141	42	141
	4,542	219	42	214

Rental received in advance

Rental received in advance refers to rental income received prior to the commencement of rent. This is non-interest bearing and has an average term of 2 weeks to 6 months.

Accruals

These liabilities are non-interest bearing.

Rental deposits received

Rental deposits received refer to the security deposits placed by the tenants with the Group for entering into operating leases for the Group's leased properties.

22. Loans and borrowings

	The Group	
	2010	**2009**
	S$'000	**S$'000**
Loans and borrowings	264	-

The loan is secured by way of joint and several personal guarantees of certain directors of one of the subsidiaries. The term loan bears interest of 8.25% (2009: Nil) per annum and is repayable over 36 monthly instalments commencing from 27 February 2008.

23. Share capital and foreign currency translation reserves

	The Group and The Company			
	2010	2009	2010	2009
	Number of ordinary shares		S$'000	S$'000
Balance at beginning of the year	191,444,966	159,908,818	21,491	19,114
Issue of shares				
- for settlement of convertible loan (Note a)		12,036,148		1,500
- for new placement of shares (Note b)		19,500,000		877
- from right shares (Note c)	38,288,993		1,708	
- for acquisition of subsidiary (Note d)	40,800,000		1,224	
Balance at end of the year	270,533,959	191,444,966	24,423	21,491

As announced,

a) As a result of the termination of the proposed acquisition of Sun Light Limited, the Company issued 12,036,148 new Shares on 23 November 2009 as full settlement of the convertible loan of S$1,500,000.

b) The Company issued 19,500,000 new placement shares at the price of S$0.045 per placement share on 23 November 2009 pursuant to a subscription agreement entered into between the Company and the subscribers.

c) Pursuant to the Rights and Warrants Issue, the Company allotted and issued 38,288,993 Rights shares at the price of S$0.045 on 3 August 2010.

d) Following the acquisition of 51% equity interest in Winsta Holding Pte Ltd and its subsidiaries, the Company had also allotted and issued 40,800,000 new ordinary shares in the Company to the vendors.

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

Foreign currency translation reserves

The foreign currency translation reserves represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentational currency.

24. Related party transactions

(a) Compensation of key management personnel

	The Group	
	2010 S$'000	2009 S$'000
Key management personnel's remuneration		
Directors of the Company	96	102
Other key management personnel	197	65

Number of directors of the Company during the year in remuneration bands:

	The Group	
	2010	2009
Below S$250,000		
Resigned during the year	-	1
Holding office as at end of the financial year	1	1

(b) Others

	The Group	
	2010 S$'000	2009 S$'000
Fees paid to legal firm related to a prior director when he was a director of the Company	-	9
Fees paid to legal firm related to a director prior to his appointment as director	-	36
Commission paid to a related party	122	-
Guest tour paid to a related party	19	-
Transport charges paid to a related party	21	-

25. Segment information

Subsequent to the disposal of NEL and the acquisition of Winsta and its subsidiaries, all of the Group's revenue are derived from the accommodation services provided by Winsta and its subsidiaries in Singapore.

26. Operating lease commitments

As lessee

The Group has entered into commercial property leases mainly for the purpose of subletting it as part of the property leasing business. These leases have a remaining lease term of up to 3 years with renewal option up to 3 years included in the contract.

Future minimum lease payments payable under the non-cancellable operating lease as at 31 December 2010 are as follows:

	The Group	
	2010	2009
	S$'000	S$'000
Not later than one year	5,216	-
Later than one year but not later than five years	5,758	-
	10,974	-

As lessor

The Group has entered into commercial property leases on its leased property. This lease has a remaining lease term of less than 2 years with no renewal option or contingent rent provision included in the contract.

Future minimum rental income receivable under the non-cancellable leases as at 31 December 2010 are as follows:

	The Group	
	2010	2009
	S$'000	S$'000
Within 1 year	701	-
After 1 year but not more than 5 years	166	-
	867	-

27. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include liquidity risk, credit risk and interest rate 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 and the Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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

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

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

(a) *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.

The Group manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its trading activities through the use of bank borrowings and leasing arrangements.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the statement of financial position date based on contractual undiscounted repayment obligations.

	1 year or less S$'000	More than 1 year S$'000	Total S$'000
Group			
2010			
Financial assets:			
Trade receivables	655	-	655
Other receivables and deposits	714	-	714
Amounts due from related parties	1,047	-	1,047
Cash and bank balances	6,805	-	6,805
Total undiscounted financial assets	9,221	-	9,221
Financial liabilities:			
Trade payables	400	-	400
Other payables and accruals	4,542	-	4,542
Amounts due to related parties	128	-	128
Loans and borrowings	264	-	264
Total undiscounted financial liabilities	5,334	-	5,334
Total net undiscounted financial assets	3,887	-	3,887

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

(a) Liquidity risk (cont'd)

	1 year or less S$'000	More than 1 year S$'000	Total S$'000
Group			
2009			
Financial assets:			
Trade receivables	1	-	1
Cash and bank balances	672	-	672
Total undiscounted financial assets	673	-	673
Financial liabilities:			
Other payables and accruals	219	-	219
Total undiscounted financial liabilities	219	-	219
Total net undiscounted financial assets	454	-	454
Company			
2010			
Financial assets:			
Cash and bank balances	939	-	939
Total undiscounted financial assets	939	-	939
Financial liabilities:			
Other payables and accruals	42	-	42
Total undiscounted financial liabilities	42	-	42
Total net undiscounted financial assets	897	-	897
Company			
2009			
Financial assets:			
Cash and bank balances	629	-	629
Total undiscounted financial assets	629	-	629
Financial liabilities:			
Other payables and accruals	214	-	214
Total undiscounted financial liabilities	214	-	214
Total net undiscounted financial assets	415	-	415

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

(b) 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 exposure to credit risk arises primarily from amounts due from related parties and trade and other receivables. 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, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Exposure to credit risk

At the statement of financial position date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring long past due trade receivables on an ongoing basis.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13. There are no financial assets that need to be impaired.

(c) Interest rate risk

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

Sensitivity analysis for interest rate risk

The Group's exposure to interest rate risk is minimal. The sensitivity analysis for changes in interest rate is not disclosed as the effect on profit or loss is considered not to be significant.

28. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged for or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

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

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and amounts due from/to related parties, the loans based on their notional amounts, reasonably approximate fair values because these are mostly short term in nature.

During the financial year, no amount (2009: nil) has been recognised in the income statement in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

29. 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 2010 and 31 December 2009. The Group is not subject to any externally imposed capital requirement and the capital of the Group comprises all components of shareholders' equity.

		The Group	
		2010	**2009**
	Note	**S$'000**	**S$'000**
Loans and borrowings	22	264	-
Trade and other payables	20, 21	4,942	219
Amount due to related parties	16	128	-
Less: Cash and bank balances		(6,805)	(672)
Net asset		(1,471)	(453)
Equity attributable to equity holders of the Company		2,997	668
Capital and net asset		1,526	215
Gearing ratio (%)		-	-

30. Authorisation of financial statements

These financial statements of the Group for the financial year ended 31 December 2010 and the statement of financial position of the Company were authorised for issue in accordance with a resolution of the directors dated 8 April 2011.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2011

Issued and fully paid-up capital	:	S$25,254,105.38
Number of shares in issue	:	270,533,959
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	Nil
Number of ordinary shares excluding Treasury Shares	:	270,533,959
Percentage of Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	55	7.90	4,561	0.00
1,000 - 10,000	265	38.07	1,401,000	0.52
10,001 - 1,000,000	342	49.14	45,896,528	16.96
1,000,001 and above	34	4.89	223,231,870	82.52
Total	696	100.00	270,533,959	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB Kay Hian Pte Ltd	34,041,000	12.58
2	Lin Chung-Ming	25,646,652	9.48
3	Tan Geok Hon	24,010,000	8.88
4	Goh Yong Hwee (Wu Yonghui)	14,871,818	5.50
5	Wang Mingliang	12,036,148	4.45
6	Ong Tiong Yun	11,753,124	4.34
7	Sim Poh Ping	11,507,424	4.25
8	Mavcap Ict Sdn Bhd	9,670,000	3.57
9	Vita Group Pte Ltd	8,862,747	3.28
10	Ho I-Chin @ Peter Ho	6,500,000	2.40
11	Chow Bon Tong	5,804,219	2.15
12	Tan Chai Fong	5,106,124	1.89
13	Phillip Securities Pte Ltd	4,653,384	1.72
14	Sim Pei San (Shen Peishan)	4,619,318	1.71
15	Lim Moi Hong Stephen	3,992,637	1.48
16	Ching Wilson Tan	3,930,000	1.45
17	Tan Hiok Seng	3,687,000	1.36
18	Jamalluddin Ismail	3,333,000	1.23
19	Shabudin Bin Md Saman	3,084,000	1.14
20	Tan Sri Dato' Mohd Yusoff Bin Mohamed	2,978,000	1.10
	Total	200,086,595	73.96

STATISTICS OF WARRANTHOLDINGS

As at 16 March 2011

DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	4	3.03	1,062	0.00
1,000 - 10,000	8	6.06	51,200	0.07
10,001 - 1,000,000	110	83.33	19,617,036	25.62
1,000,001 and above	10	7.58	56,908,688	74.31
Total	132	100.00	76,577,986	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1	Lin Chung-Ming	13,673,304	17.86
2	Ong Tiong Yun	10,506,248	13.72
3	Tan Chai Fong	10,506,248	13.72
4	Leong Hong Kah	10,044,000	13.12
5	Tan Sze Seng	3,099,400	4.05
6	Tan Geok Hon	3,000,000	3.92
7	Tan Chin Wah	2,000,000	2.61
8	Phillip Securities Pte Ltd	1,759,488	2.30
9	Tan Hiok Seng	1,220,000	1.59
10	Ching Wilson Tan	1,100,000	1.44
11	Choo Kim Chuan	1,000,000	1.31
12	Chua Lian Chye	800,000	1.04
13	Fok Chee Chiong	800,000	1.04
14	Sim Poh Ping	800,000	1.04
15	Yu Khee Chen	800,000	1.04
16	Citibank Consumer Nominees Pte Ltd	600,000	0.78
17	Tan Ban Say	526,000	0.69
18	Wee Eng Huat	520,800	0.68
19	Tan Jui Yak	520,000	0.68
20	Tan Lye Seng	463,000	0.60
	Total	63,738,488	83.23

SUBSTANTIAL SHAREHOLDERS

As at 16 March 2011

	Direct Interests		Deemed Interests	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Crimson Asia Capital Ltd, L.P.[1]	0	0	14,833,000	5.48
Tan Geok Hon	24,010,000	8.88	0	0
Goh Yong Hwee	14,871,818	5.50	0	0
Lin Chung-Ming	25,646,652	9.48	0	0
Sim Poh Ping[2]	11,487,424	4.24	8,862,747	3.28

1 Crimson Asia Capital Ltd, L.P. is deemed interested in the 14,833,000 shares held in the name of UOB Kay Hian Pte Ltd.

2 Sim Poh Ping is deemed interested in the 8,862,747 shares held in the name of Vita Group Pte. Ltd. pursuant to Section 7 of the Companies Act, Chapter 50.

Shareholdings held in the hands of public

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 63.14% of the issued ordinary shares of the Company are held in the hands of the public as at 16 March 2011 and 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 369 Tanjong Katong Road Singapore 437126 on Tuesday, 26 April 2011 at 10.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$178,750 for the financial year ending 31 December 2011 to be paid quarterly in arrears (2010: S$146,250) **(Resolution 2)**

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

(i)	Mr. Tan Ser Ko	(Article 107)	**(Resolution 3)**
(ii)	Ms. Sim Pei Yee	(Article 117)	**(Resolution 4)**
(iii)	Mr. Huang Wen-Lai	(Article 117)	**(Resolution 5)**

   Mr. Tan Ser Ko will, upon re-election as a Director of the Company, remains as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr. Tan is considered as an Independent Director.

4. To approve the appointment of Messrs Ernst & Young LLP as the Auditors of the Company in place of the retiring Auditors, Messrs PKF-CAP LLP and to authorise the Directors to fix their remuneration. [See Explanatory Note (i)] **(Resolution 6)**

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

AS SPECIAL BUSINESS

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

6. **AUTHORITY TO 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, if any) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury Shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below); and

(ii) (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-paragraph (1) above, the total number of issued Shares (excluding treasury Shares, if any) shall be calculated based on the total number of issued Shares (excluding treasury Shares, 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.

(iii) 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 Articles of Association of the Company; and

(iv) 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 earlier. [See Explanatory Note (ii)] **(Resolution 7)**

7. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE NTI SHARE OPTION SCHEME**

That pursuant to Section 161 of the Companies Act, Cap 50, the Directors of the Company be and are hereby authorised and empowered to offer and grant options in accordance with the NTI Share Option Scheme ("the Scheme") and to allot and issue Shares in the capital of the Company to all the holders of options granted by the Company whether granted during the subsistence of this authority or otherwise, under the Scheme upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares, if any) from time to time. (See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Teo Kwee Yee
Koh Ngin Joo
Company Secretaries

Singapore, 11 April 2011

Explanatory Notes:

(i) In August 2010, the Company announced that it has completed the 51% of the issued share capital of Winsta Holding Pte Ltd and its group of Singapore-incorporated subsidiaries ("Katong Subsidiaries").

The current statutory auditors of the Company is Messrs PKF-CAP LLP ("PKF") whereas the statutory auditors of its Katong Subsidiaries is Messrs Ernst & Young LLP ("E&Y").

The Audit Committee had reviewed the Company's continued engagement of its existing external auditors, PKF, as part of the Company's on-going efforts to enhance its corporate governance process. PKF have been auditors of the Group since the financial year 2007. A change of auditors would enable the Group to benefit from fresh perspective and views of another professional firm and also further enhance the value of the audit.

The Company had obtained quotes from several accounting firms, including E&Y, for the role of Statutory Auditors of the Group.

The Audit Committee had evaluated and considered the aforesaid factors, including E&Y's fee quotes, terms of engagement, the adequacy of resources, their experience, the number and experience of the supervisory and professional staff to be assigned to the audit of the financial statements of the Group and are of the opinion that E&Y will be able to meet the audit requirements of the Company and the Group and that Rule 712 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

The Board of Directors has reviewed and considered the recommendations of the Audit Committee on the Proposed Change of Auditors based on the following reasons:-

(a) To comply with the Listing Rule 715 on the engagement of same accounting firm based in Singapore to audit its accounts and its Singapore-incorporated subsidiaries.

(b) Cost effectiveness by streamlining all audit under the same accounting firm since E&Y is familiar in the audit of Katong Subsidiaries.

(c) E&Y's extensive auditing experience with listed companies which may be better perceived by the general public.

(d) E&Y's regional networking which can give better support to the Group's potential expansion plans and future investment activities.

The appointment of E&Y as Auditors of the Company for the financial year ending 31 December 2011 will become effective upon obtaining the approval of Shareholders at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PKF has given their intention to resign as auditors on 16 March 2011 and confirmed to E&Y on 16 March 2011 that they are not aware of any professional reasons why E&Y should not accept appointment as auditors of the Company. The Directors have obtained the written consent from E&Y on 14 March 2011 to act as Auditors in place of PKF for the financial year ending 31 December 2011, subject to the approval of the Shareholders at the AGM.

In compliance with Rule 1203(5) of the Listing Manual, the Directors confirmed that:

i) there were no disagreements with PKF on accounting treatments within the last twelve (12) months;

ii) they were not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the shareholders of the Company; and

iii) the proposed change of auditors would bring about cost effectiveness by streamlining all audit under the same accounting firm since E&Y is familiar in the audit of Katong Subsidiaries.

The Directors accept responsibility for the accuracy of the information in the Notice of the Annual General Meeting in relation to the change of auditors of the Company sent to the Shareholders.

The Directors were of the opinion that the proposed appointment of E&Y as the Auditors of the Company is in the best interest of the Company.

Having considered its track records with public listed companies and the more cost-effective proposal, the Directors and the Audit Committee of the Company are of the opinion that E&Y, Certified Public Accountants of Singapore, is best suited to meet the needs of the Company and have recommended their appointment as Auditors in place of PKF.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy for any statement made, opinion expressed or reports contained in the Notice of Annual General Meeting. If a shareholder is in doubt as to the action, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

(ii) The Ordinary Resolution 7 proposed if passed, will empower the Directors to issue Shares in the Company up to 50% of the total number of issued Shares (excluding treasury Shares, if any) in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of Shares not to exceed 20% of the total number of issued Shares (excluding treasury Shares, if any) for such purposes as they consider to be in the interests of the Company.

(iii) The Ordinary Resolution 8 if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoke by the Company in general meeting, whichever is the earlier, to allot and issue Shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued ordinary Shares (excluding Treasury Shares, if any) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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

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

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 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.

M DEVELOPMENT LTD.

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

IMPORTANT:
1. For investors who have used their CPF monies to buy M Development Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved.

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 369 Tanjong Katong Road Singapore 437126 on Tuesday, 26 April 2011 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

		To be used on a show of hands		To be used in the event of a poll	
No.	**Resolutions relating to:**	**For**	**Against**	**No. of Votes For**	**No. of Votes Against**
1	Adoption of Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2010				
2	Approval of Directors' fees for the financial year ending 31 December 2011 to be paid quarterly in arrears				
3	Re-election of Mr. Tan Ser Ko as Director				
4	Re-election of Ms. Sim Pei Yee as Director				
5	Re-election of Mr. Huang Wen-Lai as a Director				
6	Appointment of Messrs Ernst & Young LLP as Auditors and authorise Directors to fix their remuneration				
7	Authority to issue shares				
8	Authority to allot and issue shares under the NTI Share Option Scheme				

Dated this _____ day of ______________ 2011

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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Shenton Way #17-01 SGX Centre 2 Singapore 068807 not less than 48 hours before the time appointed for the Meeting.

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

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

General:

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

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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